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

KPMG Hazem Hassan
Public Accountant & Consultants

Review Report

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

Introduction

We have performed a limited review of the accompanying Separate balance sheet of Commercial International Bank (Egypt) S.A.E as of 31 March 2012 and the related Separate statements of income, cash flows and changes in equity for the three 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 Separate 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 Separate 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 Separate 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 Separate financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim Separate financial statements do not present fairly, in all material respects, the Separate financial position of Commercial International Bank- Egypt (S.A.E) as at 31 March 2012 and of its Separate financial performance and its Separate cash flows for the three 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 Separate financial statements.

Auditors

Allied for Accounting & Auditing
A Member of
Ernst & Young Global

Emad Hafez Ragheb
Egyptian Financial Supervisory Authority Register Number "42"

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

M. Farrag
Mostafa Hassan Farrag
KPMG Hazem Hassan
Egyptian Financial Supervisory Authority
Register Number "99"

KPMG Hazem Hassan
Public Accountants & Consultants

Cairo, 9 May 2012

Separate balance sheet on March 31, 2012

	Notes	Mar. 31, 2012 EGP	Dec. 31, 2011 EGP
Assets			
Cash and balances with central bank	15	5,395,158,277	7,492,064,510
Due from banks	16	9,445,148,797	8,449,298,705
Treasury bills and other governmental notes	17	8,902,509,763	9,213,390,067
Trading financial assets	18	694,418,777	561,084,273
Loans and advances to banks	19	1,256,754,859	1,395,594,609
Loans and advances to customers	20	38,841,381,998	39,669,785,864
Derivative financial instruments	21	100,130,748	146,544,656
Financial investments			
- Available for sale	22	15,602,737,179	15,412,566,069
- Held to maturity	22	2,957,944,562	29,092,920
Investments in subsidiary and associates	23	995,622,298	995,595,778
Investment property	24	12,024,686	12,774,686
Other assets	25	1,812,771,974	1,518,509,876
Deferred tax	33	103,404,688	95,141,726
Property, plant and equipment	26	671,123,324	636,775,294
Total assets		86,791,131,930	85,628,219,033
Liabilities and equity			
Liabilities			
Due to banks	27	1,044,862,620	3,340,794,517
Due to customers	28	74,253,127,889	71,574,047,530
Derivative financial instruments	21	99,867,019	114,287,990
Dividends Payable		593,456,300	-
Other liabilities	30	1,636,107,108	1,313,785,436
Long term loans	29	101,931,664	99,333,376
Other provisions	31	324,783,753	264,625,909
Total liabilities		78,054,136,353	76,706,874,758
Equity			
Issued and paid in capital	32	5,934,562,990	5,934,562,990
Reserves	32	2,129,264,123	1,085,472,868
Reserve for employee stock ownership plan (ESOP)		159,589,437	137,354,419
Retained earnings		1,001,979	15,105,920
Total equity		8,224,418,529	7,172,496,197
Net profit of the period / year after tax		512,577,048	1,748,848,078
Total equity and net profit for period / year		8,736,995,577	8,921,344,275
Total liabilities and equity		86,791,131,930	85,628,219,033
Contingent liabilities and commitments			
Letters of credit, guarantees and other commitments	37	13,743,236,274	12,559,603,516

The accompanying notes are an integral part of this financial statements .

(Review report attached)

Hisham Ramez Abdel Hafez
Vice Chairman and Managing Director

Hisham Ezz El-Arab
Chairman and Managing Director

Separate income statement for the period ended on March 31, 2012

	Notes	Mar. 31, 2012 EGP	Mar. 31, 2011 EGP
Interest and similar income		1,664,834,562	1,284,128,056
Interest and similar expense		(799,319,889)	(653,362,417)
Net interest income	6	865,514,673	630,765,639
Fee and commission income		214,089,807	191,450,381
Fee and commission expense		(23,670,700)	(18,987,766)
Net income from fee and commission	7	190,419,107	172,462,615
Dividend income	8	3,948,837	442,234
Net trading income	9	98,886,825	148,699,032
Profit from financial investments	22	(512,588)	1,319,514
Administrative expenses	10	(353,896,198)	(353,686,436)
Other operating (expenses) income	11	(36,675,496)	(64,939,862)
Impairment charge for credit losses	12	(16,542,204)	(122,800,880)
Net profit before tax		751,142,956	412,261,856
Income tax expense	13	(246,828,870)	(88,844,259)
Deferred tax	33 & 13	8,262,962	9,104,963
Net profit of the period		512,577,048	332,522,560
Earning per share	14		
Basic		0.80	0.52
Diluted		0.78	0.51

Hisham Ramez Abdel Hafez
Vice Chairman and Managing Director

Hisham Ezz El-Arab
Chairman and Managing Director

Separate cash flow for the period ended on March 31, 2012

	Mar. 31, 2012 EGP	Mar. 31, 2011 EGP
Cash flow from operating activities		
Net profit before tax	**751,142,956**	412,261,856
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	**41,461,048**	56,694,622
Assets impairment charges	**16,542,204**	122,923,729
Other provisions charges	**67,087,237**	6,214,523
Trading financial investments revaluation differences	**(17,092,843)**	41,629,180
Financial investments impairment charge (release)	**2,662,324**	(48,065,735)
Utilization of other provisions	**(7,702,610)**	(2,939,853)
Other provisions no longer used	**(531,054)**	-
Exchange differences of other provisions	**1,304,271**	3,969,911
Profits from selling property, plant and equipment	**(43,012)**	(942,513)
Profits from selling financial investments	**(751,298)**	(48,401,288)
Profits from selling associates	**-**	(1,873,813)
Exchange differences of long term loans	**90,904**	5,076,685
Shares based payments	**22,235,018**	20,703,739
Investments in subsidiary and associates revaluation	**(26,520)**	(508,872)
Real estate investments impairment charges	**-**	361,200
Operating profits before changes in operating assets and liabilities	**876,378,625**	567,103,371
Net decrease (increase) in assets and liabilities		
Due from banks	**(1,025,354,198)**	(3,279,186,926)
Treasury bills and other governmental notes	**(2,799,053,252)**	2,022,306,742
Trading financial assets	**(116,241,661)**	926,096,580
Derivative financial instruments	**31,992,937**	(35,963,064)
Loans and advances to banks and customers	**950,701,413**	(1,333,938,801)
Other assets	**(295,627,075)**	125,682,921
Due to banks	**(2,295,931,897)**	1,841,027,396
Due to customers	**2,679,080,359**	1,884,579,267
Other liabilities	**75,492,802**	26,960,613
Net cash provided from operating activities	**(1,918,561,947)**	2,744,668,099
Cash flow from investing activities		
Proceeds from selling subsidiary and associates	**-**	1,000,000
Purchases of property, plant and equipment	**(74,401,088)**	(25,566,082)
Redemption of held to maturity financial investments	**-**	34,585,979
Purchases of held to maturity financial investments	**(2,928,851,641)**	-
Purchases of available for sale financial investments	**(3,235,631,200)**	(1,899,829,040)
Proceeds from selling available for sale financial investments	**3,130,594,820**	1,080,009,117
Proceeds from selling real estate investments	**750,000**	-
Net cash generated from (used in) investing activities	**(3,107,539,110)**	(809,800,026)

Separate cash flow for the period ended on March 31, 2012 (Cont.)

	Mar. 31, 2012 EGP	Mar. 31, 2011 EGP
Cash flow from financing activities		
Increase (decrease) in long term loans	**2,507,383**	130,760,791
Dividend paid	**(212,750,221)**	(251,777,844)
Net cash generated from (used in) financing activities	**(210,242,838)**	(121,017,053)
Net increase (decrease) in cash and cash equivalent	**(5,236,343,895)**	1,813,851,020
Beginning balance of cash and cash equivalent	**8,081,134,203**	7,778,944,041
Cash and cash equivalent at the end of the period	**2,844,790,308**	9,592,795,061
Cash and cash equivalent comprise:		
Cash and balances with central bank	**5,395,158,277**	5,168,264,756
Due from banks	**9,445,148,797**	9,859,268,757
Treasury bills and other governmental notes	**8,902,509,763**	9,309,050,446
Obligatory reserve balance with CBE	**(2,979,789,724)**	(2,509,454,480)
Due from banks (time deposits) more than three months	**(6,297,816,068)**	(7,164,528,077)
Treasury bills with maturity more than three months	**(11,620,420,737)**	(5,069,806,341)
Total cash and cash equivalent	**2,844,790,308**	9,592,795,061

Separate statement of changes in shareholders' equity for the period ended on March 31, 2012

Mar. 31, 2012	Capital	Legal Reserve	General Reserve	Retained Earning	Special Reserve	Revaluation Diff.	Risks Reserve	Profits of The Period	Reserve for employee stock ownership plan	Total
										EGP
Beginning balance	5,934,562,990	231,344,896	1,234,274,960	15,105,920	185,931,315	(723,070,818)	281,689,619	1,624,150,975	137,354,419	8,921,344,275
Transferred to reserves	-	87,306,567	743,027,060	-	2,716,747	-	-	(833,050,374)	-	-
Dividend paid	-	-	-	(15,105,920)	-	-	-	(791,100,601)	-	(806,206,521)
Net Profit of The Period	-	-	-	-	-	-	-	512,577,048	-	512,577,048
Transfer from special reserve	-	61,697,292	8,143,225	1,001,979	(70,842,496)	-	-	-	-	-
Addition from financial investment revaluation	-	-	-	-	-	87,045,756	-	-	-	87,045,756
Transferred to bank risk reserve	-	-	-	-	-	-	(22,811,813)	22,811,813	-	-
Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	22,235,018	22,235,018
Balance at The End of The Period	5,934,562,990	380,348,755	1,985,445,245	1,001,979	117,805,566	(636,025,062)	258,877,806	535,388,861	159,589,437	8,736,995,577

Separate statement of changes in shareholders' equity for the period ended on March 31, 2011

Mar. 31, 2011	Capital	Legal Reserve	General Reserve	Retained Earning	Special Reserve	Revaluation Diff.	Risks Reserve	Profits of The Period	Reserve for employee stock ownership plan	Total EGP
Beginning balance	5,901,443,600	125,128,337	78,564,646	20,231,298	184,356,569	(18,014,631)	156,992,515	2,010,672,119	149,520,859	8,608,895,311
Transferred to reserves	-	106,216,559	1,155,710,314	-	1,574,746	-	-	(1,173,875,293)	(89,626,327)	-
Dividend paid	-	-	-	(20,231,298)	-	-	-	(821,690,906)	-	(841,922,204)
Net Profit of The Period	-	-	-	-	-	-	-	332,522,560	-	332,522,560
Addition from financial investment revaluation	-	-	-	-	-	(285,363,091)	-	-	-	(285,363,091)
Transferred to bank risk reserve	-	-	-	-	-	-	(2,648,019)	2,648,019	-	-
Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	20,703,739	20,703,739
Balance at The End of The Period	5,901,443,600	231,344,896	1,234,274,960	-	185,931,315	(303,377,722)	154,344,496	350,276,499	80,598,271	7,834,836,316

Notes to the separate financial statements for the period ended on March 31, 2012

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 111 branches, and 44 units employing 4578 employees at the balance sheet date.

Commercial International bank (Egypt) S.A.E. was formed as a commercial bank under the investment law no. 43 of 1974. The address of its registered head office is as follows: Nile tower, 21/23 Charles de Gaulle Street-Giza. The bank is listed in the Egyptian stock exchange.

2. Summary of 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 years presented, unless otherwise stated.

2.1. Basis of preparation

The separate financial statements have been prepared in accordance with Egyptian financial reporting standards issued in 2006 and its amendments and in accordance with the central bank of Egypt regulations approved by the board of directors on December 16, 2008.

The separate financial statements have been prepared under the historical cost convention, as modified by the revaluation of trading, financial assets and liabilities held at fair value through profit or loss, available for sale investment and all derivatives contracts.

The separate and consolidated financial statements of the bank and its subsidiaries have been prepared in accordance with the relevant domestic laws and the Egyptian financial reporting standards, the affiliated companies are entirely included in the consolidated financial statements and these companies are the companies that the bank - directly or indirectly – has more than half of the voting rights or has the ability to control the financial and operating policies, regardless of the type of activity, the bank's consolidated financial statements can be obtained from the bank's management. The bank accounts for investments in subsidiaries and associate companies in the separate financial statements at cost minus impairment loss.

The separate financial statements of the bank should be read with its consolidated financial statements, for the period ended on March 31, 2012 to get complete information on the bank's financial position, results of operations, cash flows and changes in ownership rights.

2.2. Subsidiaries and associates

2.2.1. Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the bank has owned directly or indirectly the control 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 or not.

2.2.2. Associates

Associates are all entities over which the bank has significant influence but do not reach to the extent of control, generally accompanying a shareholding between 20% and 50% of the voting rights.

The acquisition method of accounting is used to account for the purchase of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed, plus any costs directly related to the acquisition. The excess of the cost of an acquisition over the bank share of the fair value of the identifiable net assets acquired is recorded as goodwill. A gain on acquisition is recognized in profit or loss if there is an excess of the bank's share of the fair value of the identifiable net assets acquired over the cost of the acquisition.

The cost method is applied to account for investments in subsidiaries and associates, whereby, investments are recorded based on the acquisition cost including any goodwill, deducting any impairment losses, and dividends are recorded in the income statement in the adoption of the distribution of these profits and evidence of the bank right to collect them.

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

2.4.1. Functional and presentation currency

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

2.4.2. Transactions and balances in foreign currencies

The bank maintains its accounting records in Egyptian pound. Transactions in foreign currencies during the period are translated into the Egyptian pound using the prevailing exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the end of reporting period at the prevailing exchange rates. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following line items:

- Net trading income from held-for-trading assets and liabilities.
- Other operating revenues (expenses) from the remaining assets and liabilities.

Changes in the fair value of investments in debt instruments; which represent monetary financial instruments, denominated in foreign currencies and classified as available for sale assets are analyzed into valuation differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument.

Valuation differences resulting from changes in the amortized cost are recognized and reported in the income statement in 'income from loans and similar revenues' whereas differences resulting from changes in foreign exchange rates are recognized and reported in 'other operating revenues (expenses)'. The remaining differences resulting from changes in fair value are deferred in equity and accumulated in the 'revaluation reserve of available-for-sale investments'.

Exchange component of a gain or loss on a non-monetary item is recognized in equity if the gain or loss on the non-monetary item is recognized in equity. Any exchange component of a gain or loss on a non-monetary item is recognized in the income statement if the gain or loss on the non-monetary item is recognized in the income statement.

2.5. Financial assets

The bank classifies its financial assets in the following categories:

- Financial assets designated at fair value through profit or loss.
- Loans and receivables.
- Held to maturity investments.
- Available for sale financial investments.

Management determines the classification of its investments at initial recognition.

2.5.1. Financial assets at fair value through profit or loss

This category has two sub-categories:

- Financial assets held for trading.
- Financial assets designated at fair value through profit and 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 short 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 making. Derivatives are also categorized as held for trading unless they are designated as hedging instruments.

Financial instruments, other than those held for trading, are classified as financial assets designated at fair value through profit and loss if they meet one or more of the criteria set out below:

- When the designation eliminates or significantly reduces measurement and recognition inconsistencies that would arise from measuring financial assets or financial liabilities, on different bases. under this criterion, an accounting mismatch would arise if the debt securities issued were accounted for at amortized cost, because the related derivatives are measured at fair value with changes in the fair value recognized in the income statement. The main classes of financial instruments designated by the bank are loans and advances and long-term debt issues.
- Applies to groups of financial assets, financial liabilities or combinations thereof that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and where information about the groups of financial instruments is reported to management on that basis.
- Relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments, including certain debt issues and debt securities held.

Any financial derivative initially recognized at fair value can't be reclassified during the holding period. Re-classification is not allowed for any financial instrument initially recognized at fair value through profit and loss.

2.5.2. Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

-Those that the bank intends to sell immediately or in the short term, which is classified as held for trading, or those that the bank upon initial recognition designates as at fair value through profit or loss.

- Those that the bank upon initial recognition designates as available for sale; or
- Those for which the holder may not recover substantially all of its initial investment, other than credit deterioration.

2.5.3. Held to maturity financial investments

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 till maturity. If the bank has to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale unless in necessary cases subject to regulatory approval.

2.5.4. Available for sale financial investments

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.

The following are applied in respect to all financial assets:

Debt securities and equity shares intended to be held on a continuing basis, other than those designated at fair value, are classified as available-for-sale or held-to-maturity. Financial investments are recognized on trade date, when the group enters into contractual arrangements with counterparties to purchase securities.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or when the bank transfers substantially all risks and rewards of the ownership. Financial liabilities are derecognized when they are extinguished, that is, when the obligation is discharged, cancelled or expired.

Available-for-sale, held–for-trading and financial assets designated at fair value through profit and loss are subsequently measured at fair value. Loans and receivables and held-to-maturity investments are subsequently measured at amortized cost.

Gains and losses arising from changes in the fair value of the ‘financial assets designated at fair value through profit or loss’ are recognized in the income statement in ‘net income from financial instruments designated at fair value’. Gains and losses arising from changes in the fair value of available for sale investments are recognized directly in equity, until the financial assets are either sold or become impaired. When available-for-sale financial assets are sold, the cumulative gain or loss previously recognized in equity is recognized in profit or loss.

Interest income is recognized on available for sale debt securities using the effective interest method, calculated over the asset’s expected life. Premiums and discounts arising on the purchase are included in the calculation of effective interest rates. Dividends are recognized in the income statement when the right to receive payment has been 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, or no current demand prices available the bank measures fair value using valuation models. These include the use of recent arm’s length transactions, discounted cash flow analysis, option pricing models and other valuation models commonly used by market participants. If the bank has not been able to estimate the fair value of equity instruments classified available for sale, value is measured at cost less any impairment in value.

Available for sale investments that would have met the definition of loans and receivables at initial recognition may be reclassified out to loans and advances or financial assets held to maturity. In all cases, when the bank has the intent and ability to hold these financial assets in the foreseeable future or till maturity. The financial asset is reclassified at its fair value on the date of reclassification, and any profits or losses that has been recognized previously in equity, is treated based on the following:

- If the financial asset has a fixed maturity, gains or losses are amortized over the remaining life of the investment using the effective interest rate method. In case of subsequent impairment of the financial asset, the previously recognized unrealized gains or losses in equity are recognized directly in the profits and losses.
- In the case of financial asset which has infinite life, any previously recognized profit or loss in equity will remain until the sale of the asset or its disposal, in the case of impairment of the value of the financial asset after the re-classification, any gain or loss previously recognized in equity is recycled to the profits and losses.
- If the bank adjusts its estimates of payments or receipts of a financial asset that in return adjusts the carrying amount of the asset (or group of financial assets) to reflect the actual cash inflows, the carrying value is recalculated based on the present

value of estimated future cash flows at the effective yield of the financial instrument and the differences are recognized in profit and loss.

- In all cases, if the bank re-classifies financial asset in accordance with the above criteria and increases its estimate of the proceeds of future cash flow, this increase adjusts the effective interest rate of this asset only without affecting the investment book value.

2.6. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention to be settled on a net basis.

2.7. Derivative financial instruments and hedge accounting

Derivatives are recognized initially, and subsequently, at fair value. Fair values of exchange traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models. Derivatives are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

Embedded derivatives in other financial instruments, such as conversion option in a convertible bond, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, provided that the host contract is not classified as at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognized in income statement unless the bank chooses to designate the hybrid contact as at fair value through net trading income in profit or loss.

The timing of recognition in profit and loss, of any gains or losses arising from changes in the fair value of derivatives, depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The bank designates certain derivatives as:

- Hedging instruments of the risks associated with fair value changes of recognized assets or liabilities or firm commitments (fair value hedge).
- Hedging of risks relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge)
- Hedge accounting is used for derivatives designated in a hedging relationship when the following criteria are met.

At the inception of the hedging relationship, the bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore,

At the inception of the hedge, and on ongoing basis, the bank documents whether the hedging instrument is expected to be highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

2.7.1. Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in the 'net interest income' line item of the income statement. Any ineffectiveness is recognized in profit or loss in 'net trading income'.

When the hedging instrument is no longer qualified for hedge accounting, the adjustment to the carrying amount of a hedged item, measured at amortized cost, arising from the hedged risk is amortized to profit or loss from that date using the effective interest method.

2.7.2. Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognized immediately in the income statement. These gains and losses are reported in 'net trading income', except where derivatives are managed in conjunction with financial instruments designated at fair value , in which case gains and losses are reported in 'net income from financial instruments designated at fair value'.

2.8. Interest income and expense

Interest income and expense for all financial instruments except for those classified as held-for-trading or designated at fair value are recognized in 'interest income' and 'interest expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortized 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 represents an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once loans or debts are classified as nonperforming or impaired, the revenue of interest income will not be recognized and will be recorded off balance sheet, and are recognized as income subsequently based on a cash basis. When it is collected after redeeming all dues of consumer loans, personnel mortgages and micro-finance loans. Cash basis is also applied for corporate loans , as the calculated interest is capitalized according to the rescheduling agreement conditions until paying 25% from rescheduling agreements payments for a minimum performing period of one year, if the customer continues to perform the calculated interest is recognized in interest income (interest on the performing rescheduling agreement balance) without the marginalized before the rescheduling agreement which will be recognized in interest income after the settlement of the outstanding loan balance.

2.9. Fee and commission income

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue as the service is provided. Fees and commissions on non-performing or impaired loans or receivables cease to be recognized as income and are rather recorded off balance sheet. These are recognized as revenue, on a cash basis, only when interest income on those loans is recognized in profit and loss, at that time, fees and commissions that represent an integral part of the effective interest rate of a financial asset, are treated as an adjustment to the effective interest rate of that financial asset.

Commitment fees and related direct costs for loans and advances where draw down is probable are deferred and recognized as an adjustment to the effective interest on the loan once drawn. Commitment fees in relation to facilities where draw down is not probable are recognized at the maturity of the term of the commitment.

Fees are recognized on the debt instruments that are measured at fair value through profit and loss on initial recognition and syndicated loan fees received by the bank are recognized when the syndication has been completed and the bank does not hold any portion of it or holds a part at the same effective interest rate used for the other participants portions.

Commission and fee 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 properties are recognized upon completion of the underlying transaction in the income statement .

Other management advisory and service fees are recognized based on the applicable service contracts, usually on accrual basis. Financial planning fees related to investment funds are recognized steadily over the period in which the service is provided. The same principle is applied for wealth management; financial planning and custody services that are provided on the long term are recognized on the accrual basis also.

2.10. Dividend income

Dividends are recognized in the income statement when the right to collect is established.

2.11. Sale and repurchase agreements

Securities may be lent or sold subject to a commitment to repurchase (Repos) are reclassified in the financial statements and deducted from treasury bills balance. Securities borrowed or purchased subject to a commitment to resell them (Reverse Repos) are reclassified in the financial statements and added to treasury bills balance. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

2.12. Impairment of financial assets

2.12.1. Financial 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 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/s’) and that loss event/s 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:

- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales).
- Violation of the conditions of the loan agreement such as non-payment.
- Initiation of bankruptcy proceedings.
- Deterioration of the borrower’s competitive position.
- The bank for reasons of economic or legal financial difficulties of the borrower by granting concessions may not agree with the bank granted in normal circumstances.
- Deterioration in the value of collateral or deterioration of the creditworthiness of the borrower.

The objective evidence of impairment loss for a group of financial assets is observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, for instance an increase in the default rates for a particular banking product.

The bank estimates the period between a losses occurring and its identification for each specific portfolio. In general, the periods used vary between three months to twelve months.

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 and in this field the following are considered:

- 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.
- If the bank determines that an objective evidence of financial asset impairment exist that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized 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 collateralized 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 (i.e., 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 indicative factors 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.

2.12.2. Available for sale investments

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 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 when it became 10% from the book value of the financial instrument and the decrease consider to be extended if it continues for period more than 9 months, and if the mentioned evidences become available then any cumulative gains or losses previously recognized in equity are recognized in the income statement , in respect of available for sale equity securities, impairment losses previously recognized in profit or loss 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 recognized in the income statement, the impairment loss is reversed through the income statement to the extent of previously recognized impairment charge from equity to 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 do not include real estate assets which the bank exercised its work through or those that have owned by the bank as settlement of debts. The accounting treatment is the same used with property, plant and equipment.

2.14. Property, plant and equipment

Land and buildings comprise mainly branches and offices. All property, plant and equipment are stated at historical cost less depreciation and 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 as a separate asset, as appropriate, only when it is probable that future economic benefits 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 residual values over 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, calculators and 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. Depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An asset's carrying amount is written down immediately to its recoverable value if the asset's carrying amount exceeds 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 the selling proceeds with the asset carrying amount and charged to other operating expenses in the income statement.

2.15. Impairment of non-financial assets

Assets that have an indefinite useful life are not amortized -except goodwill- and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 or value in use. Assets are tested for impairment with reference to the lowest level of cash generating unit(s). A previously recognized impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset will only be increased up to the amount that it would have been had the original impairment not been recognized.

2.16. Leases

The accounting treatment for the finance lease is complied with law 95/1995, if the contract entitles the lessee to purchase the asset at a specified date and predefined value, 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.

2.16.1.Being lessee

Finance lease contract recognizes the lease cost, including the cost of maintenance of the leased assets in the income statement for the period in which they occurred. If the bank decides to exercise the right to purchase the leased asset the leased assets are capitalized and included in 'property, plant and equipment' and depreciated over the useful life of the expected remaining life of the asset in the same manner as similar assets.

Operating lease payments leases are accounted for on a straight-line basis over the periods of the leases and are included in 'general and administrative expenses'.

2.16.2.Being lessor

For finance lease, assets are recorded in the property, plant and equipment in the balance sheet 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 in the income statement until the expiration of the lease to be reconciled with a net book value of the leased asset. Maintenance and insurance expenses are charged to the income statement when incurred to the extent that they are not charged to the tenant.

In case there is objective evidence that the bank will not be able to collect the of financial lease obligations, the finance lease payments are reduced to the recoverable amount.

For assets leased under operating lease it appears in the balance sheet under property, plant and equipment, and depreciated 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. Other provisions

Provisions for restructuring costs and legal claims are recognized when the bank has present legal or constructive obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

In case of similar obligations, the related cash outflow should be determined in order to settle these obligations as a group. The provision is recognized even in case of minor probability that cash outflow will occur for an item of these obligations.

When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income (expenses).

Provisions for obligations, other than those for credit risk or employee benefits, due within more than 12 months from the balance sheet date are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the balance sheet date. An appropriate pretax discount rate that reflects the time value of money is used to calculate the present value of such provisions. For obligations due within less than twelve months from the balance sheet date, provisions are calculated based on undiscounted expected cash outflows unless the time value of money has a significant impact on the amount of provision, then it is measured at the present value.

2.19. Share based payments

The bank applies an equity-settled, share-based compensation plan. The fair value of equity instruments recognized as an expense over the vesting period using appropriate valuation models, taking into account the terms and conditions upon which the equity instruments were granted. The vesting period is the period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied. Vesting conditions include service conditions and performance conditions and market performance conditions are taken into account when estimating the fair value of equity instruments at the date of grant. At each balance sheet date the number of options that are expected to be exercised are estimated. Recognizes estimate changes, 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.

2.20. Income tax

Income tax on the profit or loss for the period and deferred tax are 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 balance sheet 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 balance sheet.

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.

2.21. Borrowings

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

2.22. Dividends

Dividends on ordinary shares and profit sharing are recognized as a charge of equity upon the general assembly approval. Profit sharing includes the employees' profit share and the board of directors' remuneration as prescribed by the bank's articles of incorporation and the corporate law.

2.23. Comparatives

Comparative figures have been adjusted to conform to changes in presentation in the current period where necessary.

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 rewards and minimize potential adverse effects on the bank's financial performance. The most important types of financial risks are credit risk, market risk, liquidity risk and other operating risks. Also market risk includes exchange rate risk, rate of return risk and other prices risks.

The bank's risk management policies are designed to identify and analyze 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 risk department 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 centralized 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

3.1.1.1. Loans and advances to banks and customers

In measuring credit risk of loans and facilities to banks and customers 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') are required by the Basel committee on banking regulations and the supervisory practices (the Basel committee), and 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 3/a).

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. 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 rating	description of the grade
1	performing loans
2	regular watching
3	watch list
4	non-performing loans

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.

3.1.1.2. Debt instruments and treasury and other bills

For debt instruments and bills, external rating such as standard and poor's rating or their equivalents are used 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:

3.1.2.1. 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, and inventory.
- 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 minimize 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.

3.1.2.2. 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 favorable to the bank (i.e., assets with positive fair value), 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.

3.1.2.3. 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 favorable 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.

3.1.2.4. 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 authorizing a third party to draw drafts on the bank up to a stipulated amount under specific terms and conditions – are collateralized 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 authorizations 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 system described in Note 3.1.1 focus on the credit-quality mapping from the lending and investment activities perspective. Conversely, for only financial reporting purposes impairment losses are recognized for that has been incurred at the balance sheet date when there is an objective evidence of impairment. Due to the different methodologies applied, the amount of incurred impairment losses in balance sheet 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 reported in balance sheet at the end of the period is derived from each of the four internal credit risk ratings. However, the majority of the impairment provision is usually driven by the last two rating degrees. The following table illustrates the proportional distribution of loans and advances reported in the balance sheet for each of the four internal credit risk ratings of the bank and their relevant impairment losses:

	March 31, 2012		December 31, 2011	
Bank's rating	**Loans and advances (%)**	**Impairment provision (%)**	**Loans and advances (%)**	**Impairment provision (%)**
1-Performing loans	89.24	39.90	91.13	42.26
2-Regular watching	6.13	4.40	4.32	4.70
3-Watch list	1.72	3.54	1.74	3.70
4-Non-Performing Loans	2.91	52.16	2.81	49.34

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

- Cash flow difficulties experienced by the borrower or debtor
- 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 due to economic, legal reasons and financial difficulties facing the borrower
- Deterioration of the collateral value
- Deterioration of 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 circumstances require. Impairment provisions on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date, and are applied to all significant accounts individually. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. Collective impairment provisions are provided portfolios of homogenous assets by using the available historical loss experience, experienced judgment and statistical techniques.

3.1.4. Pattern of measuring the general banking risk

In addition to the four categories of the bank's internal credit ratings indicated in note 3.1.1, management classifies loans and advances based on more detailed subgroups in accordance with the CBE regulations. Assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position and his repayment track record. The bank calculates required provisions for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the provision required for impairment losses as per CBE credit worthiness rules exceeds the required provisions by the application used in balance sheet preparation in accordance with EAS. That excess shall be debited to retained earnings and carried to the general banking risk reserve in the equity section. Such reserve is always adjusted, on a regular basis, by any increase or decrease so, that reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution.

Below is a statement 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 debts	100%	4	Non performing loans

3.1.5. Maximum exposure to credit risk before collateral held

	Mar. 31, 2012 EGP	Dec. 31, 2011 EGP
In balance sheet items exposed to credit risk		
Net treasury bills and other governmental notes	**13,381,685,825**	10,653,390,067
Trading financial assets:		
- Debt instruments	**479,686,492**	353,860,497
Gross loans and advances to banks	**1,285,970,948**	1,433,545,112
Less:Impairment provision	**(29,216,090)**	(37,950,503)
Gross loans and advances to customers:		
Individual:		
- Overdrafts	**1,100,451,209**	952,982,877
- Credit cards	**576,713,688**	575,672,905
- Personal loans	**2,986,975,785**	2,659,469,004
- Mortgages	**432,109,020**	419,990,050
- Other loans	**40,283,170**	40,265,000
Corporate:		
- Overdrafts	**4,145,806,746**	4,239,213,684
- Direct loans	**23,194,889,942**	25,232,315,809
- Syndicated loans	**8,148,038,350**	7,278,053,191
- Other loans	**108,817,209**	101,625,796
Unamortized bills discount	**(39,061,636)**	(45,231,397)
Impairment provision	**(1,450,984,063)**	(1,419,409,102)
Unearned interest	**(402,657,421)**	(365,161,953)
Derivative financial instruments	**100,130,748**	146,544,656
Financial investments:		
-Debt instruments	**18,006,786,603**	14,898,586,881
- Investments in subsidiary and associates	**995,622,298**	995,595,778
Total	**73,062,048,822**	68,113,358,352
Off balance sheet items exposed to credit risk		
Financial guarantees	**1,881,972,597**	2,219,596,241
Customers acceptances	**1,091,417,195**	542,833,642
Letter of credit	**910,403,247**	753,154,858
Letter of guarantee	**11,741,415,832**	11,263,615,016
Total	**15,625,208,871**	14,779,199,757

The above table represents the bank Maximum exposure to credit risk at 31 March 2012, before taking account of any collateral held.For assets recognized on balance sheet, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above 55.02% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt Instruments represents 25.30%.
Management is confident in its ability to continue to control and sustain minimal exposure of credit risk resulting from both its loans and advances portfolio and debt Instruments based on the following:

- 95.37% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 97.09% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP 1,221,077,727.
- The bank has implemented more prudent processes when granting loans and advances during the financial period ended on 31 March 2012.
- 88.82% of the investments in debt Instruments are Egyptian sovereign instruments.

3.1.6. Loans and advances

Loans and advances are summarized as follows:

	Mar.31, 2012		Dec.31, 2011	
	EGP		EGP	
	Loans and advances to customers	**Loans and advances to banks**	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	**38,485,867,931**	**1,255,768,948**	39,842,142,236	1,403,385,688
Past due but not impaired	**1,057,341,461**	**-**	478,696,381	-
Individually impaired	**1,190,875,728**	**30,202,000**	1,178,749,699	30,159,424
Gross	**40,734,085,119**	**1,285,970,948**	41,499,588,316	1,433,545,112
Less:				
Impairment provision	**1,450,984,064**	**29,216,090**	1,419,409,102	37,950,503
Unamortized bills discount	**39,061,636**	**-**	45,231,397	-
Unearned interest	**402,657,421**	**-**	365,161,953	-
Net	**38,841,381,998**	**1,256,754,858**	39,669,785,864	1,395,594,609

Impairment losses for loans and advances reached EGP 1,480,200,154.
During the period the bank's total loans and advances decreased by 2.13% .
In order to minimize the propable exposure to credit risk, the bank focuses more on the business with large enterprises,banks or retail customers with good credit rating or sufficient collateral.

Net loans and advances to customers and banks:

Mar. 31, 2012	**Individual**					**Corporate**					**EGP**
Grades:	**Overdrafts**	**Credit cards**	**Personal loans**	**Mortgages**	**Other loans**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total loans and advances to customers**	**Total loans and advances to banks**
1-Performing loans	**1,047,391,492**	**502,439,557**	**2,844,646,195**	**418,633,776**	**120,000**	**3,709,134,039**	**19,480,587,236**	**7,621,055,396**	**100,408,469**	**35,724,416,160**	**1,182,294,507**
2-Regular watching	**4,125,810**	**13,329,749**	**31,696,471**	**-**	**37,362,980**	**196,142,463**	**2,090,865,959**	**74,815,820**	**5,008,875**	**2,453,348,127**	**58,385,010**
3-Watch list	**10,455,811**	**2,955,030**	**9,060,860**	**-**	**-**	**21,855,189**	**628,014,403**	**-**	**-**	**672,341,293**	**-**
4-Non-performing loans	**17,973,745**	**15,330,851**	**23,733,895**	**2,696,186**	**1,177,675**	**51,106,406**	**261,453,460**	**59,503,961**	**19,294**	**432,995,474**	**16,075,342**
Total	**1,079,946,858**	**534,055,187**	**2,909,137,422**	**421,329,962**	**38,660,656**	**3,978,238,097**	**22,460,921,058**	**7,755,375,177**	**105,436,638**	**39,283,101,054**	**1,256,754,859**

Dec. 31, 2011	Individual					Corporate					EGP
Grades:	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total loans and advances to customers	Total loans and advances to banks
1-Performing loans	914,099,869	504,245,088	2,520,780,759	405,378,706	257,258	3,864,636,142	22,043,384,066	6,784,446,579	94,689,386	37,131,917,853	1,377,362,064
2-Regular watching	9,461,536	10,798,843	28,278,387	-	37,241,095	136,980,065	1,496,193,485	58,210,281	5,101,102	1,782,264,794	2,456,187
3-Watch list	8,206,398	3,278,950	11,356,577	-	-	22,334,115	646,624,356	-	101,526	691,901,922	-
4-Non-performing loans	837,459	15,059,805	22,550,809	2,735,047	1,172,716	47,607,968	255,316,129	128,767,666	47,046	474,094,645	15,776,358
Total	932,605,262	533,382,686	2,582,966,532	408,113,753	38,671,069	4,071,558,290	24,441,518,036	6,971,424,526	99,939,060	40,080,179,214	1,395,594,609

Loans and advances past due but not impaired:

Loans and advances less than 90 days past due are not considered impaired, unless there is an objective evidence of impairment.

EGP

Mar.31, 2012	**Individual**					**Corporate**			
	Overdrafts	**Credit cards**	**Personal loans**	**Mortgages**	**Total**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Total**
Past due up to 30 days	**255,012,290**	**107,756,519**	**4,015,182**	**601,556**	**367,385,547**	**37,098,968**	**358,990,968**	**80,806,093**	**476,896,029**
Past due 30 - 60 days	**4,358,149**	**14,181,421**	**2,271,399**	**109,147**	**20,920,116**	**61,413,486**	**24,304,122**	**19,002,062**	**104,719,669**
Past due 60-90 days	**10,607,680**	**3,641,446**	**939,179**	**17,984**	**15,206,289**	**30,446,602**	**41,767,203**	**7**	**72,213,811**
Total	**269,978,118**	**125,579,386**	**7,225,760**	**728,687**	**403,511,952**	**128,959,056**	**425,062,292**	**99,808,162**	**653,829,509**

Dec.31, 2011	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	200,977,939	106,509,301	3,509,689	1,211,276	312,208,205	-	103,500,085	-	103,500,085
Past due 30-60 days	9,825,529	11,474,221	1,830,630	94,499	23,224,879	9,880,139	8,077,826	-	17,957,965
Past due 60-90 days	8,564,505	3,984,099	1,263,730	59,511	13,871,845	6,689,585	1,243,817	-	7,933,402
Total	219,367,973	121,967,621	6,604,049	1,365,286	349,304,929	16,569,724	112,821,728	-	129,391,452

Individually impaired loans

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 1,221,077,727.

The breakdown of the gross amount of individually impaired loans and advances by product, along with the fair value of related collateral held by the bank, are as follows:

EGP

Mar.31, 2012	**Individual**					**Corporate**				
	Overdrafts	**Credit cards**	**Personal loans**	**Mortgages**	**Other loans**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Individually impaired loans	**36,192,952**	**47,542,250**	**88,284,257**	**9,454,743**	**1,412,465**	**162,395,059**	**549,965,560**	**324,347,650**	**1,482,791**	**1,221,077,727**

Dec.31, 2011	Individual					Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Individually impaired loans	17,378,259	52,101,360	86,197,008	11,020,824	1,411,998	157,287,411	557,310,686	326,074,653	126,924	1,208,909,123

Loans and advances restructured

Restructuring activities include reschaduling arrangements, obligatory management programs, modification and deferral of payments. The application of restructuring policies are based on indicators or criteria of credit performance of the borrower that is based on the personal judgment of the management, indicate that payment will most likely continue. Restructuring is commonly applied to term loans, specially customer loans. Renegotiated loans totaled at the end of the year

	Mar.31, 2012	Dec.31, 2011
Loans and advances to customer		
Corporate		
- Direct loans	2,890,895,000	2,780,557,000
Total	**2,890,895,000**	2,780,557,000

3.1.7. 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 end of financial period, based on Standard & Poor's ratings or their equivalent:

Mar.31, 2012

EGP

	Treasury bills and other gov. notes	Trading financial debit instruments	Non-trading financial debit instruments	Total
AAA	-	-	601,519,892	**601,519,892**
AA- to AA+	-	-	139,300,164	**139,300,164**
A- to A+	-	-	582,431,450	**582,431,450**
Lower than A-	-	88,914,688	854,531,408	**943,446,096**
Unrated	8,902,509,763	390,771,804	15,829,003,689	**25,122,285,256**
Total	**8,902,509,763**	**479,686,492**	**18,006,786,603**	**27,388,982,859**

3.1.8. Concentration of risks of financial assets with credit risk exposure

3.1.8.1. Geographical sectors

Following is a breakdown of the bank's main credit exposure at their book values categorized by geographical region at the end of the current period.

The bank has allocated exposures to regions based on the country of domicile of its counterparties.

EGP

Mar.31, 2012	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Net treasury bills and other governmental notes	13,381,685,825	-	-	**13,381,685,825**
Trading financial assets:				
- Debt instruments	479,686,492	-	-	**479,686,492**
Gross loans and advances to banks	1,285,970,948	-	-	**1,285,970,948**
Gross loans and advances to customers:				
Individual:				
- Overdrafts	720,942,949	268,746,790	110,761,470	**1,100,451,209**
- Credit cards	437,077,098	116,548,120	23,088,470	**576,713,688**
- Personal loans	1,983,509,765	788,678,910	214,787,110	**2,986,975,785**
- Mortgages	353,287,620	69,005,030	9,816,370	**432,109,020**
- Other loans	27,877,980	12,405,190	-	**40,283,170**
Corporate:				
- Overdrafts	3,474,572,036	586,143,990	85,090,720	**4,145,806,746**
- Direct loans	16,667,205,142	5,928,825,990	598,858,810	**23,194,889,942**
- Syndicated loans	7,769,948,580	378,089,770	-	**8,148,038,350**
- Other loans	93,971,889	14,845,320	-	**108,817,209**
Derivative financial instruments	100,130,748	-	-	**100,130,748**
Debt instruments	18,006,786,603	-	-	**18,006,786,603**
Investments in subsidiary and associates	995,622,298	-	-	**995,622,298**
Total	**65,778,275,973**	**8,163,289,110**	**1,042,402,950**	**74,983,968,033**

3.1.8.2. Industry sectors

The following table analysis the Group's main credit exposure at their book value categorized by the bank customers activities.

EGP

Mar.31, 2012	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Net treasury bills and other governmental notes	13,381,685,825	-	-	-	-	-	-	13,381,685,825
Trading financial assets:			-					
- Debt instruments	479,686,492	-	-	-	-	-	-	479,686,492
Gross loans and advances to banks	1,285,970,948	-	-	-	-	-	-	1,285,970,948
Gross loans and advances to customers:								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,100,451,209	1,100,451,209
- Credit cards	-	-	-	-	-	-	576,713,688	576,713,688
- Personal loans	-	-	-	-	-	-	2,986,975,785	2,986,975,785
- Mortgages	-	-	-	-	-	-	432,109,020	432,109,020
- Other loans	-	-	-	-	-	-	40,283,170	40,283,170
Corporate:								
- Overdrafts	31,067,905	1,280,993,886	1,280,379,073	244,324,171	16,493,520	1,292,548,191	-	4,145,806,746
- Direct loans	833,289,881	10,231,944,612	184,182,438	468,394,616	826,543,359	10,650,535,036	-	23,194,889,942
- Syndicated loans	-	3,595,376,542	512,723,830	-	180,555,556	3,859,382,422	-	8,148,038,350
- Other loans	-	82,987,507	-	1,000,000	-	24,829,702	-	108,817,209
Derivative financial instruments	100,130,748	-	-	-	-	-	-	100,130,748
Debt instruments	1,586,963,086	-	-	-	16,419,823,518	-	-	18,006,786,603
Investments in subsidiary and associates	995,622,298	-	-	-	-	-	-	995,622,298
Total	18,694,417,182	15,191,302,547	1,977,285,341	713,718,787	17,443,415,953	15,827,295,351	5,136,532,872	74,983,968,033

3.2. Market risk

Market risk represnted as fluctuations in fair value or future cash flow, including foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices will reduce the bank's income or the value of its portfolios. The bank separates exposures to market risk into trading or non-trading portfolios.

Market risks are measured, monitored and controlled by the market risk management department. In addition, regular reports are submitted to the Asset and Liability Management Committee (ALCO), board risk committee and the heads of each business unit.

Trading portfolios include positions arising from market-making, position taking and others designated as marked-to-market. Non-trading portfolios include positions that primarily arise from the interest rate management of the group's retail and commercial banking assets and liabilities, financial investments designated as available for sale and held-to-maturity.

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 instrument and loans to which the fair value option has been applied .

3.2.1.1. 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 under normal market conditions, based upon a number of assumptions for various changes in market conditions.

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 (95%). There is therefore a specified statistical probability (5%) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain 'holding period' until positions can be closed (1 Day). The Bank is assessing the historical movements in the market prices based on volatilities and correlations data for the past five years. 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, the Market Risk Management set Soft VaR limits, which have been approved by the ALCO, and are monitored and reported on a daily basis to the Senior Management. In addition, monthly limits compliance is reported to the ALCO.

The Bank has developed the internal models used to calculate VaR and are not approved yet by the central bank as the regulator is still applying Basel I in parallel basis with the standardized market risk approach in Basel II.

3.2.1.2. Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, bank computes on a daily basis Stress VaR, combined with Normal VaR to capture the abnormal movements in financial markets and to give more comprehensive picture of risk. The results of the stress tests are reviewed by the ALCO on a monthly basis and the board risk committee on a quarterly basis.

3.2.2. Value at risk (VaR) Summary

EGP

Total VaR by risk type	**Mar.31, 2012**			Dec.31, 2011		
	Medium	**High**	**Low**	Medium	High	Low
Foreign exchange risk	**43,333**	**126,918**	**8,064**	275,822	798,293	22,715
Interest rate risk	**9,020,143**	**15,981,544**	**3,045,986**	19,970,380	25,574,668	15,047,233
- For non trading purposes	**7,781,479**	**12,601,636**	**4,811,198**	9,752,494	11,883,218	7,638,408
- For trading purposes	**3,347,476**	**4,275,276**	**2,579,593**	13,919,605	16,474,199	11,866,315
Equities risk	**301,720**	**334,164**	**257,559**	1,659,204	1,762,596	1,488,630
Investment fund	**249,569**	**292,922**	**194,101**	921,509	1,057,998	798,571
Total VaR	**9,094,148**	**16,044,750**	**3,139,829**	20,406,187	26,002,691	15,490,695

Trading portfolio VaR by risk type

	Mar.31, 2012			Dec.31, 2011		
	Medium	**High**	**Low**	Medium	High	Low
Foreign exchange risk	**43,333**	**126,918**	**8,064**	275,822	798,293	22,715
Interest rate risk						
- For trading purposes	**3,347,476**	**4,275,276**	**2,579,593**	13,919,605	16,474,199	11,866,315
Equities risk	**301,720**	**334,164**	**257,559**	1,659,204	1,762,596	1,488,630
Investment fund	**249,569**	**292,922**	**194,101**	921,509	1,057,998	798,571
Total VaR	**3,445,585**	**3,795,927**	**2,966,038**	14,382,231	15,076,004	13,832,710

Non trading portfolio VaR by risk type

	Mar.31, 2012			Dec.31, 2011		
	Medium	**High**	**Low**	Medium	High	Low
Interest rate risk						
- For non trading purposes	**7,781,479**	**12,601,636**	**4,811,198**	9,752,494	11,883,218	7,638,408
Total VaR	**7,781,479**	**12,601,636**	**4,811,198**	9,752,494	11,883,218	7,638,408

The aggregate of the trading and non-trading VaR results does not constitute the bank's VaR due to correlations and consequent diversification effects between risk types and portfolio types.

3.2.3. Foreign exchange risk

The bank's financial position and cash flows are exposed to fluctuations in foreign currency exchange rates. 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.

Mar.31, 2012	EGP	USD	EUR	GBP	Other	Equivalent EGP Total
Assets						
Cash and balances with central bank	4,922,451,226	311,433,734	117,274,787	22,723,913	21,274,616	**5,395,158,277**
Due from banks	606,442,879	5,018,699,405	3,350,055,849	388,498,873	81,451,791	**9,445,148,797**
Treasury bills and other governmental notes (face value)	11,354,925,000	2,802,141,560	-	-	-	**14,157,066,560**
Trading financial assets	586,098,971	88,914,688	-	-	19,405,118	**694,418,777**
Gross loans and advances to banks	4,998,750	1,279,008,941	1,963,257	-	-	**1,285,970,948**
Gross loans and advances to customers	23,339,924,862	16,635,367,696	649,456,556	24,042,361	85,293,645	**40,734,085,119**
Derivative financial instruments	20,096,544	75,132,039	4,902,165	-	-	**100,130,748**
Financial investments						
- Available for sale	13,851,666,167	1,713,538,165	37,532,847	-	-	**15,602,737,179**
- Held to maturity	2,957,944,562	-	-	-	-	**2,957,944,562**
Investments in subsidiary and associates	976,776,250	18,846,048	-	-	-	**995,622,298**
Total financial assets	**58,621,325,210**	**27,943,082,277**	**4,161,185,460**	**435,265,147**	**207,425,170**	**91,368,283,264**
Liabilities						
Due to banks	313,547,521	706,066,878	24,906,057	41,770	300,395	**1,044,862,620**
Due to customers	43,963,189,410	25,691,837,363	4,062,569,232	435,899,331	99,632,553	**74,253,127,889**
Derivative financial instruments	12,179,461	83,431,760	4,255,798	-	-	**99,867,019**
Debt securities in issue	-	-	-	-	-	-
Long term loans	95,607,795	3,618,375	2,705,494	-	-	**101,931,664**
Total financial liabilities	**44,384,524,186**	**26,484,954,376**	**4,094,436,580**	**435,941,101**	**99,932,948**	**75,499,789,192**
Net on-balance sheet financial position	**14,236,801,024**	**1,458,127,901**	**66,748,879**	**(675,954)**	**107,492,222**	**15,868,494,073**

3.2.4. Interest rate risk

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 gaps of interest rate repricing that may be undertaken, which is monitored by bank's Risk Management Department.

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 repricing or contractual maturity dates.

Mar.31, 2012	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non- Interest Bearing	Total
Assets							
Cash and balances with central bank	-	-	-	-	-	5,395,158,277	**5,395,158,277**
Due from banks	5,874,692,716	3,156,203,149	280,694,366	-	-	133,558,565	**9,445,148,797**
Treasury bills and other governmental notes (face value)	520,050,000	1,784,100,000	11,852,916,560	-	-	-	**14,157,066,560**
Trading financial assets	195,327,175	-	-	390,771,804	88,914,688	19,405,110	**694,418,777**
Gross loans and advances to banks	361,925,730	182,345,278	741,699,940	-	-	-	**1,285,970,948**
Gross loans and advances to customers	22,111,828,200	8,040,236,477	6,718,180,090	3,374,093,459	489,746,893	-	**40,734,085,119**
Derivatives financial instruments (including IRS notional amount)	531,992,981	175,635,473	609,609,987	3,744,277,996	380,333,984	80,034,204	**5,521,884,625**
Financial investments							
- Available for sale	1,394,037,572	1,215,080,385	894,839,247	10,771,419,731	846,304,837	481,055,407	**15,602,737,179**
- Held to maturity	-	-	215,000	2,957,729,562	-	-	**2,957,944,562**
Investments in subsidiary and associates	-	-	-	-	-	995,622,298	**995,622,298**
Total financial assets	**30,989,854,375**	**14,553,600,761**	**21,098,155,190**	**21,238,292,552**	**1,805,300,402**	**7,104,833,862**	**96,790,037,142**
Liabilities							
Due to banks	445,535,961	-	-	-	-	599,326,659	**1,044,862,620**
Due to customers	28,206,390,708	8,799,329,684	8,168,288,437	17,600,018,398	601,806,539	10,877,294,123	**74,253,127,889**
Derivatives financial instruments (including IRS notional amount)	2,008,425,293	2,500,985,810	166,308,489	232,698,945	525,514,801	87,687,558	**5,521,620,896**
Long term loans	4,319,166	17,625,560	61,542,938	18,444,000	-	-	**101,931,664**
Total financial liabilities	**30,664,671,129**	**11,317,941,054**	**8,396,139,864**	**17,851,161,343**	**1,127,321,340**	**11,564,308,340**	**80,921,543,069**
Total interest re-pricing gap	**325,183,246**	**3,235,659,707**	**12,702,015,326**	**3,387,131,210**	**677,979,062**	**(4,459,474,478)**	**15,868,494,073**

3.3. Liquidity risk

Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligations arises from its financial liabilities as they fall due or to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill lending commitments.

3.3.1. Liquidity risk management process

The Bank's liquidity management process, is carried by the assets and liabilities management department and monitored independently by the risk management department, which includes:
Projecting cash flows by major currency under various stress scenarios and considering the level of liquid assets necessary in relation thereto:

- The Bank maintains an active presence in global money markets to enable this to happen.
- Maintaining a diverse range of funding sources with back-up facilities.
- Monitoring balance sheet liquidity and advances to core funding ratios against internal and Central Bank of Egypt regulations.
- Managing the concentration and profile of debt maturities.
- Monitoring and reporting takes 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 assets projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. Bank's Risk Management Department also monitors unmatched medium-term

3.3.2. Funding approach

Sources of liquidity are regularly reviewed jointly by the bank's Assets & Liabilities Management Department and Consumer Banking to maintain a wide diversification within currencies, geographical area, depositors, products and tenors.

3.3.3. Non-derivative cash flows

The table below presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities and the maturities assumption for non contractual products are based on there behavior studies.

Mar.31, 2012	**Up to 1 Month**	**One to Three Months**	**Three to One Year**	**One Year to Five Year**	**Over Five Years**	**Total** EGP
Liabilities						
Due to banks	**1,044,862,620**	**-**	**-**	**-**	**-**	**1,044,862,620**
Due to customers	**12,108,332,013**	**10,601,091,445**	**19,271,626,881**	**30,987,563,168**	**1,284,514,383**	**74,253,127,889**
Long term loans	**4,319,166**	**17,625,560**	**61,542,938**	**18,444,000**	**-**	**101,931,664**
Total liabilities (contractual and non contractual maturity dates)	**13,157,513,799**	**10,618,717,005**	**19,333,169,819**	**31,006,007,168**	**1,284,514,383**	**75,399,922,173**
Total financial assets (contractualandnon contractual maturity dates)	**9,950,736,744**	**11,128,117,526**	**22,448,394,430**	**32,298,687,638**	**10,945,186,013**	**86,771,122,352**

Dec.31, 2011	Up to 1 Month	One to Three Months	Three to One Year	One Year to Five Year	Over Five Years	Total EGP
Liabilities						
Due to banks	3,340,794,517	-	-	-	-	3,340,794,517
Due to customers	12,876,722,334	8,576,616,724	17,868,791,406	30,859,028,066	1,392,889,000	71,574,047,530
Long term loans	125,931	1,521,504	82,756,941	14,929,000	-	99,333,376
Total liabilities (contractual and non contractual maturity dates)	16,217,642,782	8,578,138,228	17,951,548,347	30,873,957,066	1,392,889,000	75,014,175,423
Total financial assets (contractualandnon contractual maturity dates)	14,753,504,167	11,100,069,868	20,844,934,425	28,478,165,923	10,614,870,781	85,791,545,163

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

3.3.4. Derivative cash flows

Derivatives settled on a net basis
The bank's derivatives that will be settled on a net basis include:
Foreign exchange derivatives: exchange traded options and over-the-counter (OTC) ,exchange traded forwards currency options.
Interest rate derivatives: interest rate swaps, forward rate agreements, OTC and exchange traded interest rate options, other interest rate contracts and exchange traded futures .

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

EGP

Mar.31, 2012	Up to 1 Month	One to Three Months	Three to One Year	One Year to Five Year	Over Five Years	Total
Liabilities						
Derivatives financial instruments						
- Foreign exchange derivatives	3,280,289	2,946,001	5,401,294	551,877	-	12,179,461
- Interest rate derivatives	-	-	1,646,373	9,883,736	76,157,450	87,687,558
Total	**3,280,289**	**2,946,001**	**7,047,667**	**10,435,613**	**76,157,449.62**	**99,867,019**

Off balance sheet items

EGP

Mar.31, 2012	Up to 1 year	1-5 years	Over 5 years	Total
Letters of credit, guarantees and other commitments	10,925,440,714	2,357,416,271	460,379,289	13,743,236,274
Total	**10,925,440,714**	**2,357,416,271**	**460,379,289**	**13,743,236,274**

3.4. Fair value of financial assets and liabilities

3.4.1. 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.

	Book value		Fair value	
	Mar.31, 2012	Dec.31, 2011	**Mar.31, 2012**	Dec.31, 2011
Financial assets				
Due from banks	**9,445,148,797**	8,449,298,705	**9,445,148,797**	8,449,298,705
Gross loans and advances to banks	**1,285,970,948**	1,433,545,112	**1,285,970,948**	1,433,545,112
Gross loans and advances to customers:				
- Individual	**5,136,532,871**	4,648,379,836	**5,136,532,871**	4,648,379,836
- Corporate	**35,597,552,248**	36,851,208,480	**35,597,552,248**	36,851,208,480
Financial investments				
Held to Maturity	**2,957,944,562**	29,092,920	**2,957,944,562**	29,092,920
Total financial assets	**54,423,149,426**	51,411,525,053	**54,423,149,426**	51,411,525,053
Financial liabilities				
Due to banks	**1,044,862,620**	3,340,794,517	**1,044,862,620**	3,340,794,517
Due to customers	**74,253,127,889**	71,574,047,530	**74,253,127,889**	71,574,047,530
Long term loans	**101,931,664**	99,333,376	**101,931,664**	99,333,376
Total financial liabilities	**75,399,922,173**	75,014,175,423	**75,399,922,173**	75,014,175,423

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 similar maturity date.

Loans and advances to banks

Loans and banking advances represented in loans not from deposits at banks. The expected fair value of the loans and advances 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 advances 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 maturity date.

3.5 Capital management

For capital management purposes, the bank's capital includes total equity as reported in the balance sheet plus some other elements that are managed as capital. The bank manages its capital to ensure that the following objectives are achieved:

- Compliance with the legally imposed capital requirements in Egypt.
- Protecting the bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth of the bank's operations.

Capital adequacy and the use of regulatory capital are monitored on a daily basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt.
The required data is submitted to the Central Bank of Egypt on a quarterly basis.

Central bank Of Egypt requires the following:

- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the bank.

Tier one:

Tier one, comprised of paid-in capital (after deducting the book value of treasury shares), retained earnings and reserves resulting from the distribution of profits except the banking risk reserve and deducting previously recognized goodwill and any retained losses

Tier two:

Represents the gone concern capital which comprised of general risk provision according to the impairment provision guidelines issued by the Central Bank of Egypt for to the maximum of 1.25% risk weighted assets and contingent liabilities ,subordinated loans with more than five years to maturity(amortizing 20% of its carrying amount in each year of the remaining five years to maturity) and 45% of the increase in fair value than book value for available for sale , held to maturity , subsidiaries and associates investments.

When calculating the numerator of capital adequacy ratio, The rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier1 for half of the share capital.

Assets risk weight scale ranging from zero to 100% based on the counterparty riskt to reflect the related credit risk scheme, taking into considration the cash collatrals. Similar criteria are used for off balance sheet items after adjusting it to reflect the nature of contingency and the potential loss of those amounts. The bank has complied with all local capital adequacy requirements for the current year.

The table below summarizes the compositions of teir 1, teir 2 and the capital adequacy ratio .

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Tier 1 capital		Restated
Share capital (net of the treasury shares)	**5,934,562,990**	5,934,562,990
General reserves	**1,985,445,245**	2,054,761,908
Legal reserve	**380,348,755**	318,651,462
Other reserve	**(380,865,074)**	(474,528,224)
Retained Earnings	**1,001,979**	-
Total qualifying tier 1 capital	**7,920,493,895**	7,833,448,136
Tier 2 capital		
General risk provision	**706,030,608**	692,087,775
Total qualifying tier 2 capital	**706,030,608**	692,087,775
Total capital 1+2	**8,626,524,503**	8,525,535,911
Risk weighted assets and contingent liabilities		
Risk weighted assets	**51,227,359,198**	50,175,824,604
Contingent liabilities	**5,255,089,472**	5,191,197,357
Total	**56,482,448,670**	55,367,021,961
Capital adequacy ratio (%)	**15.27%**	15.40%

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 information.

4.1. Impairment losses on loans and advances

The bank reviews its loan portfolios to assess impairment on monthly basis 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%

4.2. 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.

4.3. 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 (as 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.

4.4 Held-to-Maturity investments

The non-derivative financial assets with fixed or determinable payments and fixed maturity are being classified held to maturity. This 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

5.1. By business segment

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

- 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.
- Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;
- Others –Include other banking business, such as Assets Management.
- Transactions between the business segments are on normal commercial terms and conditions.

EGP

Mar.31, 2012	Corporate banking	SME's	Investment banking	Retail banking	Total
Revenue according to business segment	**650,465,440**	**162,529,821**	**(45,984,598)**	**408,718,132**	**1,175,728,795**
Expenses according to business segment	**(136,220,973)**	**(61,867,606)**	**(6,133,136)**	**(220,364,124)**	**(424,585,839)**
Profit before tax	**514,244,467**	**100,662,215**	**(52,117,734)**	**188,354,008**	**751,142,956**
Tax	**(152,728,987)**	**(29,896,365)**	**-**	**(55,940,556)**	**(238,565,908)**
Profit for the period	**361,515,480**	**70,765,850**	**(52,117,734)**	**132,413,452**	**512,577,048**
Total Assets	**75,359,888,361**	**2,129,856,002**	**1,544,763,413**	**7,756,624,154**	**86,791,131,930**

Dec.31, 2011	Corporate banking	SME's	Investment banking	Retail banking	Total
Revenue according to business segment	2,226,050,418	597,635,091	(75,724,924)	1,278,100,557	4,026,061,142
Expenses according to business segment	(777,096,428)	(255,290,741)	(25,181,851)	(788,714,940)	(1,846,283,960)
Profit before tax	1,448,953,990	342,344,350	(100,906,775)	489,385,617	2,179,777,182
Tax	(273,777,928)	(64,684,236)	-	(92,466,940)	(430,929,104)
Profit for the period	1,175,176,062	277,660,114	(100,906,775)	396,918,677	1,748,848,078
Total assets	74,621,790,612	2,143,523,905	1,533,773,854	7,329,130,662	85,628,219,033

5.2. By geographical segment

EGP

Mar.31, 2012	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	**886,036,104**	**249,817,414**	**39,875,277**	**1,175,728,795**
Expenses according to geographical segment	**(317,787,959)**	**(84,235,097)**	**(22,562,783)**	**(424,585,839)**
Profit before tax	**568,248,145**	**165,582,317**	**17,312,494**	**751,142,956**
Tax	**(180,477,802)**	**(52,589,590)**	**(5,498,516)**	**(238,565,908)**
Profit for the period	**387,770,343**	**112,992,727**	**11,813,978**	**512,577,048**
Total assets	**77,276,446,265**	**9,220,724,763**	**293,960,902**	**86,791,131,930**

Dec.31, 2011	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	3,056,055,933	835,887,927	134,117,282	4,026,061,142
Expenses according to geographical segment	(1,335,361,487)	(405,117,905)	(105,804,568)	(1,846,283,960)
Profit before tax	1,720,694,446	430,770,022	28,312,714	2,179,777,182
Tax	(340,172,340)	(85,159,580)	(5,597,184)	(430,929,104)
Profit for the year	1,380,522,106	345,610,442	22,715,530	1,748,848,078
Total assets	75,287,082,794	9,812,046,055	529,090,184	85,628,219,033

6 . Net interest income

	Mar.31, 2012 EGP	Mar.31, 2011 EGP
Interest and similar income		
- Banks	**45,088,378**	28,482,601
- Clients	**860,037,829**	662,727,400
	905,126,207	691,210,001
Treasury bills and bonds	**713,598,048**	548,173,838
Reverse repos	**5,017,367**	-
Financial investment in held to maturity and available for sale debt instruments	**41,063,756**	44,791,301
Other	**29,184**	(47,084)
Total	**1,664,834,562**	1,284,128,056
Interest and similar expense		
- Banks	**41,484,487**	54,182,104
- Clients	**742,140,239**	597,982,601
	783,624,726	652,164,705
Financial instruments purchased with a commitment to re-sale (Repos)	**15,328,842**	556,565
Other	**366,321**	641,147
Total	**799,319,889**	653,362,417
Net interest income	**865,514,673**	630,765,639

7 . Net income from fee and commission

	Mar.31, 2012 EGP	Mar.31, 2011 EGP
Fee and commission income		
Fee and commissions related to credit	**133,030,026**	117,439,286
Custody fee	**12,259,054**	13,286,237
Other fee	**68,800,727**	60,724,858
Total	**214,089,807**	191,450,381
Fee and commission expense		
Other fee paid	**23,670,700**	18,987,766
Total	**23,670,700**	18,987,766
Net income from fee and commission	**190,419,107**	172,462,615

8 . Dividend income

	Mar.31, 2012 EGP	Mar.31, 2011 EGP
Trading securities	**486,496**	437,993
Available for sale securities	**3,462,341**	4,241
Total	**3,948,837**	442,234

9 . Net trading income

	Mar.31, 2012 EGP	Mar.31, 2011 EGP
Profit from foreign exchange	**61,420,198**	113,532,428
Profit from revaluations of trading assets and liabilities in foreign currencies	**212,412**	5,800,289
Profit (Losses) from forward foreign exchange deals revaluation	**859,602**	5,607,338
Profit (Losses) from interest rate swaps revaluation	**809,596**	2,295,775
Profit (Losses) from currency swap deals revaluation	**(1,703,814)**	147,955
Trading debt instruments	**36,652,639**	22,490,260
Trading equity instruments	**636,192**	(1,175,013)
Total	**98,886,825**	148,699,032

10 . Administrative expenses

	Mar.31, 2012 EGP	Mar.31, 2011 EGP
Staff costs		
- Wages and salaries	**170,868,405**	157,877,140
- Social insurance	**9,515,828**	7,855,413
- Other benefits	**6,460,287**	10,272,866
Other administrative expenses	**167,051,678**	177,681,018
Total	**353,896,198**	353,686,436

11 . Other operating (expenses) income

	Mar.31, 2012 EGP	Mar.31, 2011 EGP
Profits (Losses) from non-trading assets and liabilities revaluation	**1,916,993**	(50,938,428)
Profits from selling property, plant and equipment	**43,012**	942,513
Release (charges) of other provisions	**(16,556,184)**	(6,214,533)
Others	**(22,079,317)**	(8,729,414)
Total	**(36,675,496)**	(64,939,862)

12 . Impairment charge for credit losses

	Mar.31, 2012 EGP	Mar.31, 2011 EGP
Loans and advances to customers	**(16,542,204)**	(122,923,729)
Held to maturity financial investments	**-**	122,849
Total	**(16,542,204)**	(122,800,880)

13 . Adjustments to calculate the effective tax rate

	Mar.31, 2012 EGP	Mar.31, 2011 EGP
Profit before tax	**751,142,956**	412,261,856
* Tax settlement for prior years	**(50,000,000)**	-
Profit after settlement	**701,142,956**	**412,261,856**
Tax rate	**24.93%**	20.00%
Income tax based on accounting profit	**174,785,739**	82,452,371
Add / (Deduct)		
Non-deductible expenses	**691,663**	368,452
Tax exemptions	**(12,291,595)**	(16,189,872)
Effect of provisions	**25,380,101**	13,108,345
Income tax	**188,565,908**	79,739,296
Effective tax rate	**26.89%**	19.34%

* *Potential tax claims for the year ended on December.31, 2011*

14 . Earning per share

	Mar.31, 2012 EGP	Mar.31, 2011 EGP
Net profit for the period available for distribution	**535,388,861**	350,276,499
Board member's bonus	**(8,030,833)**	(5,254,147)
Staff profit sharing	**(53,538,886)**	(35,027,650)
Profits shareholders' Stake	**473,819,142**	309,994,702
Number of shares	**593,456,299**	593,456,299
Basic earning per share	**0.80**	0.52
By issuance of ESOP earning per share will be:		
Number of shares including ESOP shares	**604,755,029**	605,766,760
Diluted earning per share	**0.78**	0.51

15 . Cash and balances with central bank

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Cash	1,535,959,065	1,891,659,489
Obligatory reserve balance with CBE		
- Current accounts	3,859,199,212	5,600,405,021
Total	5,395,158,277	7,492,064,510
Non-interest bearing balances	5,395,158,277	7,492,064,510

16 . Due from banks

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Current accounts	167,543,005	197,047,111
Deposits	9,277,605,792	8,252,251,594
Total	9,445,148,797	8,449,298,705
Central banks	3,296,555,826	3,031,574,198
Local banks	433,441,908	155,171,707
Foreign banks	5,715,151,064	5,262,552,800
Total	9,445,148,798	8,449,298,705
Non-interest bearing balances	133,558,565	149,987,713
Fixed interest bearing balances	9,311,590,232	8,299,310,992
Total	9,445,148,797	8,449,298,705
Current balances	9,445,148,797	8,449,298,705
Total	9,445,148,797	8,449,298,705

17 . Treasury bills and other governmental notes

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
91 Days maturity	2,304,150,000	1,866,250,000
182 Days maturity	3,782,625,000	2,559,925,000
364 Days maturity	8,070,291,560	6,861,223,570
Unearned interest	(775,380,735)	(634,008,503)
Total 1	13,381,685,825	10,653,390,067
Reverse repos treasury bonds	504,984,244	-
Repos - treasury bills	(4,984,160,306)	(1,440,000,000)
Total 2	(4,479,176,062)	(1,440,000,000)
Net	8,902,509,763	9,213,390,067

18 . Trading financial assets

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Debt instruments		
- Governmental bonds	479,686,492	353,860,497
Total	479,686,492	353,860,497
Equity instruments		
- Foreign company shares	19,405,110	18,677,035
- Mutual funds	195,327,176	188,546,741
Total	214,732,286	207,223,776
Total financial assets for trading	694,418,777	561,084,273

19 . Loans and advances to banks

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Time and term loans	**1,285,970,948**	1,433,545,112
Less:Impairment provision	**(29,216,090)**	(37,950,503)
Total	**1,256,754,859**	1,395,594,609
Current balances	**1,239,090,918**	1,304,111,350
Non-current balances	**17,663,940**	91,483,259
Total	**1,256,754,859**	1,395,594,609

Analysis for impairment provision of loans and advances to banks

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Bgining balance	**37,950,503**	2,694,538
Charged during the period	**(8,859,197)**	34,736,518
Write off during the period	**-**	-
Exchange revaluation difference	**124,784**	519,447
Ending balance	**29,216,090**	37,950,503

20 . Loans and advances to customers

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Individual		
- Overdraft	**1,100,451,209**	952,982,877
- Credit cards	**576,713,688**	575,672,905
- Personal loans	**2,986,975,785**	2,659,469,004
- Mortgages	**432,109,020**	419,990,050
- Other loans	**40,283,170**	40,265,000
Total 1	**5,136,532,871**	4,648,379,836
Corporate		
- Overdraft	**4,145,806,746**	4,239,213,684
- Direct loans	**23,194,889,942**	25,232,315,809
- Syndicated loans	**8,148,038,350**	7,278,053,191
- Other loans	**108,817,209**	101,625,796
Total 2	**35,597,552,248**	36,851,208,480
Total Loans and advances to customers (1+2)	**40,734,085,119**	41,499,588,316
Less:		
Unamortized bills discount	**(39,061,636)**	(45,231,397)
Impairment provision	**(1,450,984,063)**	(1,419,409,102)
Unearned interest	**(402,657,421)**	(365,161,953)
Net loans and advances to customers	**38,841,381,998**	39,669,785,864
Distributed to		
Current balances	**16,014,193,230**	17,307,625,654
Non-current balances	**22,827,188,768**	22,362,160,210
Total	**38,841,381,998**	39,669,785,864

Analysis for impairment provision of loans and advances to customers

Mar.31, 2012	**Individual**					
	Overdraft	**Credit cards**	**Personal loans**	**Real estate loans**	**Other loans**	**Total**
Beginning balance	**20,377,614**	**42,290,218**	**76,502,471**	**11,876,297**	**1,593,932**	**152,640,532**
Charged (Released) during the period	**126,736**	**1,104,510**	**1,353,474**	**(1,097,240)**	**28,583**	**1,516,063**
Write off during the period	**-**	**(1,232,851)**	**(17,582)**	**-**	**-**	**(1,250,433)**
Recoveries from written off debts	**-**	**496,624**	**-**	**-**	**-**	**496,624**
Ending balance	**20,504,350**	**42,658,501**	**77,838,363**	**10,779,057**	**1,622,515**	**153,402,786**

Mar.31, 2012	**Corporate**				
	Overdraft	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Beginning balance	**167,655,394**	**790,797,773**	**306,628,666**	**1,686,738**	**1,266,768,571**
Charged (Released) during the period	**(271,238)**	**(63,182,025)**	**85,645,448**	**1,693,153**	**23,885,338**
Write off during the period	**-**	**-**	**-**	**-**	**-**
Recoveries from written off debts	**-**	**5,270,623**	**-**	**-**	**5,270,623**
Exchange revaluation difference	**184,495**	**1,082,510**	**389,060**	**682**	**1,656,746**
Ending balance	**167,568,651**	**733,968,881**	**392,663,174**	**3,380,573**	**1,297,581,278**

Dec.31, 2011	Individual					
	Overdraft	Credit cards	Personal loans	Real estate loans	Other loans	Total
Beginning balance	6,948,242	42,119,828	71,459,209	8,888,164	13,400,430	142,815,873
Charged (Released) during the period	13,429,372	5,306,910	6,589,871	2,988,133	(11,806,498)	16,507,788
Write off during the period	-	(8,858,433)	(2,273,609)	-	-	(11,132,042)
Recoveries from written off debts	-	3,721,913	727,000	-	-	4,448,913
Ending balance	20,377,614	42,290,218	76,502,471	11,876,297	1,593,932	152,640,532

Dec.31, 2011	Corporate				
	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	149,208,018	759,961,827	200,640,880	2,561,291	1,112,372,016
Charged (Released) during the period	17,175,711	154,370,230	100,360,788	(874,553)	271,032,176
Write off during the period	-	(144,805,506)	-	-	(144,805,506)
Recoveries from written off debts	-	11,291,492	-	-	11,291,492
Exchange revaluation difference	1,271,665	9,979,730	5,626,998	-	16,878,393
Ending balance	167,655,394	790,797,773	306,628,666	1,686,738	1,266,768,571

21 . Derivative financial instruments

21.1 . 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 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 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 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 clients (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.

21.1.1 . For trading derivatives

	Mar.31, 2012			Dec.31, 2011		
	Notional amount	**Assets**	**Liabilities**	Notional amount	Assets	Liabilities
Foreign derivatives						
- Forward foreign exchange contracts	**1,057,672,732**	**8,938,415**	**1,203,452**	1,324,589,420	14,828,172	5,643,831
- Currency swap	**1,071,317,685**	**7,565,636**	**7,383,516**	1,408,305,712	54,023,412	13,909,846
- Options	**805,916,014**	**3,592,493**	**3,592,493**	509,022,896	2,251,502	2,251,502
Total 1		**20,096,544**	**12,179,461**		71,103,086	21,805,179
Interest rate derivatives						
- Interest rate swaps	**962,451,777**	**15,889,038**	**11,169,776**	1,124,316,614	15,667,505	11,842,172
Total 2		**15,889,038**	**11,169,776**		15,667,505	11,842,172
Commodity	-	-	-	128,045,173	870,385	870,385
Total 3		-	-		870,385	870,385
Total assets (liabilities) for trading derivatives (1+2+3)		**35,985,582**	**23,349,237**		87,640,976	34,517,736

21.1.2 . Fair value hedge

	Notional amount	**Assets**	**Liabilities**	Notional amount	Assets	Liabilities
Interest rate derivatives						
- Governmental debit instruments hedging	**525,514,800**	-	**73,602,544**	524,775,300	-	78,514,812
- Customers deposits hedging	**3,933,787,300**	**64,145,166**	**2,915,238**	3,661,135,640	58,903,680	1,255,442
Total 4		**64,145,166**	**76,517,782**		58,903,680	79,770,254
Total financial derivatives (1+2+3+4)		**100,130,748**	**99,867,019**		146,544,656	114,287,990

21.2 . Hedging derivatives

21.2.1 . Fair value hedge

The bank uses interest rate swap contracts to cover part of the risk of potential decrease in fair value of its fixed rate governmental debt instruments in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 73,602,544 at the end of March, 2012 against EGP 78,514,812 at the end of December, 2011, Resulting in net gain form hedging instruments at the end of March, 2012 EGP 4,912,268 against net loss EGP 78,514,812 at the end of December, 2011. Losses arises from the hedged items at the end of March, 2012 reached EGP 4,743,273against profits arises EGP 77,848,826 at the end of December, 2011.

The bank uses interest rate swap contracts to cover part of the risk of potential decrease in fair value of its fixed rate customers deposits in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 61,229,928 at the end of March, 2012 against EGP 57,648,238 at the end of December, 2011, Resulting in net profits form hedging instruments at the end of March, 2012 EGP 3,581,690 against net profit EGP 58,450,867 at the end of December, 2011. Losses arises from the hedged items at the end of March , 2012 reached EGP 3,296,660 against profits EGP 57,855,943 at the end of December, 2011.

22 . Financial investments

	Mar.31, 2012	Dec.31, 2011
Available for sale	**EGP**	EGP
- Listed debt instruments	**14,713,326,502**	14,533,886,080
- Listed equity instruments	**79,811,717**	79,748,671
- Unlisted instruments	**809,598,960**	798,931,318
Total	**15,602,737,179**	15,412,566,069
Held to maturity		
- Listed debt instruments	**2,930,432,062**	1,580,420
- Unlisted instruments	**27,512,500**	27,512,500
Total	**2,957,944,562**	29,092,920
Total financial investment	**18,560,681,741**	15,441,658,989
Listed instruments	**16,342,654,587**	13,301,628,105
Unlisted instruments	**2,218,027,154**	2,140,030,884
Total	**18,560,681,741**	15,441,658,989
Fixed interest debt instruments	**16,132,794,739**	12,978,748,170
Floating interest debt instruments	**1,873,991,864**	1,919,838,711
Total	**18,006,786,603**	14,898,586,881

	Available for sale financial investment	**Held to maturity financial investment**	**Total**
			EGP
Beginning balance on Jan.01, 2011	13,605,347,030	289,151,745	13,894,498,775
Addition	4,535,816,258	5,000,000	4,540,816,258
Deduction (selling - redemptions)	(2,135,258,815)	(271,802,813)	(2,407,061,627)
Exchange revaluation differences	55,264,416	5,116,368	60,380,784
Profit (Losses) from fair value difference	(647,348,588)	-	(647,348,588)
Ending Balance	15,412,566,069	29,092,920	15,441,658,989
Beginning balance on Jan.01, 2012	**15,412,566,069**	**29,092,920**	**15,441,658,989**
Addition	**3,235,631,200**	**2,928,851,641**	**6,164,482,841**
Deduction (selling - redemptions)	**(3,129,843,522)**	-	**(3,129,843,522)**
Exchange revaluation differences	**3,344,835**	-	**3,344,835**
Profit (Losses) from fair value difference	**82,302,483**	-	**82,302,483**
Impairment (charges) release	**(1,263,886)**	-	**(1,263,886)**
Ending Balance	**15,602,737,179**	**2,957,944,562**	**18,560,681,741**

22.1 . **Profit from financial investments**

	Mar.31, 2012 EGP	Mar.31, 2011 EGP
Profit (Losses) from selling available for sale financial instruments	**751,298**	407,528
Impairment (charges) of available for sale equity instruments	**(1,263,886)**	(962,861)
Profits (Losses)from selling investments in subsidiaries and associates	**-**	1,873,813
Profit (Losses) from selling held to maturity debt investments	**-**	1,034
	(512,588)	1,319,514

23 . **Investments in subsidiary and associates**

Mar.31, 2012	**Company's country**	**Company's Assets**	**Company's Liabilities (without equity)**	**Company's Revenues**	**Company's Net Profit**	**Investment book value**	**Stake %**
Subsidiaries							EGP
- CI Capital Holding	Egypt	**593,045,943**	**250,924,268**	**23,190,518**	**(498,347)**	**867,656,000**	**99.98**
Associates							
- Commercial International Life Insurance	Egypt	**1,526,964,720**	**1,468,206,315**	**229,161,356**	**(3,278,617)**	**44,520,250**	**45**
- Corplease	Egypt	**1,486,468,032**	**1,314,780,100**	**323,385,888**	**16,073,782**	**60,000,000**	**40**
- Haykala for investment	Egypt	**3,715,547**	**230,650**	**360,000**	**300,715**	**600,000**	**40**
- Egypt Factors	Egypt	**176,643,658**	**165,443,826**	**23,415,357**	**(10,113,871)**	**18,846,048**	**39**
- International Co. for Security and Services (Falcon)	Egypt	**62,511,444**	**46,751,684**	**71,809,412**	**(2,721,265)**	**4,000,000**	**40**
Total		**3,849,349,344**	**3,246,336,843**	**671,322,531**	**(237,603)**	**995,622,298**	

Dec.31, 2011	Company's Country	Company's Assets	Company's Liabilities (without equity)	Company's Revenues	Company's Net Profit	Investment book value	Stake %
Subsidiaries							EGP
- CI Capital Holding	Egypt	494,679,584	152,092,327	87,475,153	(37,629,469)	867,656,000	99.98
Associates							
- Commercial International Life Insurance	Egypt	1,532,549,363	1,469,720,530	108,295,223	791,813	44,520,250	45
- Corplease	Egypt	1,418,875,386	1,271,498,831	162,014,580	6,762,407	60,000,000	40
- Haykala for Investment	Egypt	3,595,277	307,737	270,000	103,358	600,000	40
- Egypt Factors	Egypt	179,815,258	165,064,735	18,440,302	(6,533,187)	18,819,528	39
- International Co. for Security and Services (Falcon)	Egypt	62,511,444	46,751,684	71,809,412	(2,721,265)	4,000,000	40
Total		3,692,026,312	3,105,435,844	448,304,670	(39,226,343)	995,595,778	

24 . Investment property *

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Appartment in the third floor 300 meters elgomhoria st. Port said	-	750,000
338.33 meters on a land and building the property number 16 elmakrizi st. Heliopolis	**700,000**	700,000
Villa number 113 royal hills 6th of october	**2,000,000**	2,000,000
Land area with 1468.85 meters elsaidi basin -markaz nabrouh eldakahlia	**1,121,965**	1,121,965
Land and a bulding in elmansoura elnahda street 766.3 meters	**3,463,000**	3,463,000
Agricultural area 1 feddan 14t and 17.25 shares near el azazi fakous elsharkia	**222,000**	222,000
Agriculutral area - markaz shebin eldakahlia	**4,517,721**	4,517,721
Total	**12,024,686**	12,774,686

* Including non rigestred by EGP 12,024,686 which were acquired against settlement of the debts mentioned above.

25 . Other assets

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Accrued revenues	**1,031,492,100**	898,844,761
Prepaid expenses	**74,701,175**	75,649,940
Advances to purchase of fixed assets	**102,624,510**	103,989,488
Accounts receivable and other assets	**597,773,256**	433,844,754
Assets acquired as settlement of debts	**6,180,933**	6,180,933
Total	**1,812,771,974**	1,518,509,876

26 . Property, plant and equipment

Mar.31, 2012

	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
								EGP
Beginning gross assets (1)	60,575,261	423,794,894	741,229,919	46,898,333	267,239,246	256,827,447	106,136,591	**1,902,701,691**
Additions (deductions) during the period	-	6,831,048	3,319,486	2,497,578	58,171,087	3,187,124	1,802,755	**75,809,078**
Ending gross assets (2)	**60,575,261**	**430,625,942**	**744,549,405**	**49,395,911**	**325,410,333**	**260,014,571**	**107,939,346**	**1,978,510,769**
Accu.depreciation at beginning of the period (3)	-	161,870,230	576,418,710	25,815,491	240,994,064	188,525,308	72,302,594	**1,265,926,397**
Current period depreciation	-	5,066,894	17,267,247	1,350,023	8,229,860	7,191,449	2,355,575	**41,461,048**
Accu.depreciation at end of the period (4)	**-**	**166,937,124**	**593,685,957**	**27,165,514**	**249,223,924**	**195,716,757**	**74,658,169**	**1,307,387,445**
Ending net assets (2-4)	**60,575,261**	**263,688,818**	**150,863,448**	**22,230,397**	**76,186,409**	**64,297,814**	**33,281,177**	**671,123,324**
Beginning net assets (1-3)	**60,575,261**	**261,924,664**	**164,811,209**	**21,082,842**	**26,245,182**	**68,302,139**	**33,833,997**	**636,775,294**
Depreciation rates		**%5**	**%20**	**%20**	**%33.3**	**33.3%**	**20%**	

Net fixed assets value on the balance sheet date includes EGP 38,726,109 non registered assets while their registrations procedures are in process.

27 . Due to banks

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Current accounts	747,862,620	493,794,517
Deposits	297,000,000	2,847,000,000
Total	**1,044,862,620**	3,340,794,517
Central banks	62,428,299	46,941,713
Local banks	371,832,448	2,905,759,685
Foreign banks	610,601,873	388,093,119
Total	**1,044,862,620**	3,340,794,517
Non-interest bearing balances	599,326,659	398,317,328
Fixed interest bearing balances	445,535,961	2,942,477,189
Total	**1,044,862,620**	3,340,794,517
Current balances	747,862,620	493,794,517
Non-current balances	297,000,000	2,847,000,000
Total	**1,044,862,620**	3,340,794,517

28 . Due to customers

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Demand deposits	16,209,253,813	17,048,122,359
Time deposits	26,267,655,747	24,532,817,359
Certificates of deposit	20,710,278,646	18,819,931,329
Saving deposits	9,928,068,836	9,484,866,150
Other deposits	1,137,870,847	1,688,310,333
Total	**74,253,127,889**	71,574,047,530
Corporate deposits	37,669,832,877	37,227,665,007
Individual deposits	36,583,295,012	34,346,382,523
Total	**74,253,127,889**	71,574,047,530
Non-interest bearing balances	10,877,294,123	10,855,512,526
Fixed interest bearing balances	63,375,833,766	60,718,535,004
Total	**74,253,127,889**	71,574,047,530
Current balances	51,406,183,455	50,607,367,855
Non-current balances	22,846,944,434	20,966,679,675
Total	**74,253,127,889**	71,574,047,530

29 . Long term loans

	Interest rate %	Maturity date	Maturing through next year	Balance on Mar.31, 2012	Balance on Dec.31, 2011
			EGP	EGP	EGP
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	8,602,483	**13,697,721**	13,697,721
Support to Private Sector Industry Environmental Protection II (KFW)	9 - 10.5	2012	1,276,387	**2,705,494**	3,285,048
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	71,430,000	**81,805,000**	78,570,000
Social Fund for Development (SFD)	3 months T/D or 9% which more		105,076	**105,076**	167,326
Spanish Cooperation Microfinance Fund (SCMF)	0.5	2012	3,618,373	**3,618,373**	3,613,282
Total			85,032,319	**101,931,664**	99,333,376

30 . Other liabilities

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Accrued interest payable	**332,292,510**	263,654,637
Accrued expenses	**195,979,540**	162,930,130
Accounts payable	**330,009,693**	345,917,454
Income tax	**589,204,792**	446,414,136
Other credit balances	**188,620,573**	94,869,079
Total	**1,636,107,108**	1,313,785,436

31 . Other provisions

Mar.31, 2012	**Beginning balance**	**Charged amounts**	**Exchange revaluation difference**	**Utilized amounts**	**Reversed amounts**	**Ending balance**
						EGP
Provision for income tax claims	**6,909,685**	**-**	**-**	**-**	**-**	**6,909,685**
Provision for legal claims	**35,171,959**	**8,806,157**	**10,607**	**(7,023,561)**	**(531,054)**	**36,434,108**
Provision for contingent	**210,103,042**	**7,144,936**	**1,293,685**	**-**	**-**	**218,541,663**
* **Provision for other claim**	**12,441,223**	**51,136,145**	**(21)**	**(679,049)**	**-**	**62,898,298**
Total	**264,625,909**	**67,087,238**	**1,304,271**	**(7,702,610)**	**(531,054)**	**324,783,753**

Dec.31, 2011	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance
						EGP
Provision for income tax claims	6,909,685	-	-	-	-	6,909,685
Provision for legal claims	33,150,547	2,021,413	-	-	-	35,171,959
Provision for contingent	256,708,900	-	2,321,223	(178,971)	(48,748,110)	210,103,042
Provision for other claim	13,469,799	2,196,294	8,397	(3,233,267)	-	12,441,223
Total	310,238,930	4,217,707	2,329,620	(3,412,238)	(48,748,110)	264,625,909

* *Provision for other claim formed at 31 March 2012 amounted to 1,136,145 EGP to face the potential risk of banking operations and an amount of 50,000,000 EGP to face potential tax claims against amount 2,196,294 EGP at 31 December 2011 to face the potential risk of banking operations.*

32 . Equity

32.1 . 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 5,934,562,990 to be divided on 593,456,299 shares with EGP 10 par value for each share based on:

- Increase issued and Paid up Capital by amount EGP 25,721,800 on April 21, 2010 in according to Board of Directors decision on November 11,2009 by issuance of first trench for E.S.O.P program.
- Increase issued and Paid up Capital by amount EGP 2,950,721,800 on 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.
- Increase issued and Paid up Capital by amount EGP 33,119,390 on July 31, 2011 in according to Board of Directors decision on November 10,2010 by issuance of second trench for E.S.O.P program.

The Extraordinary General Assembly approved in the meeting of June 26, 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 year 2006 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.

The Extraordinary General Assembly approved in the meeting of April 13,2011 continue 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 year 2011 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 Year in which the General Assembly recognizes the shareholders of this dividend, which includes staff profit share and remuneration of the Board of Directors stated in the law.

32.2 . Reserves

According to the bank status 5% of net profit is to increase legal reserve until it 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

Deferred tax assets and liabilities are attributable to the following:

	Mar.31, 2012 Assets (Liabilities) EGP	Dec.31, 2011 Assets (Liabilities) EGP
Fixed assets (depreciation)	**(9,943,303)**	(12,780,032)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	**9,866,481**	9,522,636
Other investments impairment	**69,401,479**	69,148,702
Reserve for employee stock ownership plan (ESOP)	**34,080,031**	29,250,420
Total	**103,404,688**	95,141,726

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. Eligible 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 period (3 years) with corresponding increase in equity based on estimated number of shares that will eventually vest(True up model). The fair value for such equity instruments is measured using of Black-Scholes pricing model.

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

	Mar.31, 2012 No. of shares	Dec.31, 2011 No. of shares
Outstanding at the beginning of the period	**12,676,036**	10,550,825
Granted during the period	**7,208,355**	5,844,356
Forfeited during the period	-	(407,206)
Exercised during the period	-	(3,311,939)
Outstanding at the end of the period	**19,884,391**	12,676,036

Details of the outstanding tranches are as follows:

Maturity date	Exercise price EGP	Fair value EGP	No. of shares
2012	10	13.70	3,771,242
2013	10	21.70	3,084,838
2014	10	21.25	5,844,356
2015	10	9.98	7,183,955
Total			**19,884,391**

The fair value of granted shares is calculated using Black-Scholes pricing model with the following:

	6th tranche	5th tranche
Exercise price	10	10
Current share price	18.7	31.15
Expected life (years)	3	3
Risk free rate %	16%	12%
Dividend yield%	5%	3%
Volatility%	38%	34%

Volatility is calculated based on the daily standard deviation of returns for the last three years.

35 . Reserves and retained earnings

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Legal reserve	380,348,755	231,344,896
General reserve	1,985,445,245	1,234,274,960
Retained earnings	1,001,979	15,105,920
Special reserve	117,805,566	185,931,315
Reserve for A.F.S investments revaluation difference	(636,025,062)	(723,070,818)
Banking risks reserve	258,877,806	281,689,619
Total	2,107,454,289	1,225,275,892

35.1 . Banking risks reserve

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Beginning balance	281,689,619	156,992,515
Transferred from profits	(22,811,813)	124,697,104
Ending balance	258,877,806	281,689,619

35.2 . Legal reserve

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Beginning balance	231,344,896	125,128,337
Transfer from special reserve	61,697,292	-
Transferred from profits	87,306,567	106,216,559
Ending balance	380,348,755	231,344,896

35.3 . Reserve for A.F.S investments revaluation difference

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Beginning balance	(723,070,818)	(18,014,631)
Unrealized gains (losses) from A.F.S investment revaluation	87,045,756	(705,056,187)
Ending balance	(636,025,062)	(723,070,818)

35.4 . Retained earnings

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Beginning balance	15,105,920	20,231,298
Dividend previous year	(15,105,920)	(20,231,298)
Transferred from special reserve	1,001,979	-
The effect of changing accounting policies	-	15,105,920
Ending balance	1,001,979	15,105,920

36 . Cash and cash equivalent

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
Cash and balances with central bank	5,395,158,277	7,492,064,510
Due from banks	9,445,148,797	8,449,298,705
Treasury bills and other governmental notes	8,902,509,763	9,213,390,067
Obligatory reserve balance with CBE	(2,979,789,724)	(3,014,779,811)
Due from banks (time deposits) more than three months	(6,297,816,068)	(5,237,471,784)
Treasury bills with maturity more than three months	(11,620,420,737)	(8,821,367,485)
Total	2,844,790,308	8,081,134,202

37 . Contingent liabilities and commitments

37.1 . Legal claims

There are a number of existing cases filed against the bank on Mar.31, 2012 without provision as it's not expected to make any losses from it.

37.2 . Capital commitments

37.2.1 . Financial investments

The capital commitments for the financial investments reached on the date of financial position EGP 74,442,921 as follows:

	Investments value	Paid	Remaining
	EGP	EGP	EGP
Available for sale financial investments	188,412,273	113,969,352	74,442,921

37.2.2 . 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 3,214,435.

37.3 . Letters of credit, guarantees and other commitments

	Mar.31, 2012	Dec.31, 2011
	EGP	EGP
- Letters of guarantee	**11,741,415,832**	11,263,615,016
- Letters of credit (import and export)	**910,403,247**	753,154,858
- Customers acceptances	**1,091,417,195**	542,833,642
Total	**13,743,236,274**	12,559,603,516

38 . Comparative figures

The comparative figures are amended to confirm with the reclassification of the current year and general assembly held on 21th of March, 2012, decisions, for ratifying the appropriation account of year 2011.

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 44,515,242 with redeemed value EGP 7,947,306,154.
- The market value per certificate reached EGP 178.53 on 31/03/2012.
- The Bank portion got 1,092,899 certificates with redeemed value EGP 195,115,258.

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 2,570,721 with redeemed value EGP 144,962,957 .
- The market value per certificate reached EGP 56.39 on 31/03/2012.
- The Bank portion got 194,744 certificates with redeemed value EGP 10,981,614 .

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 754,651 with redeemed value EGP 31,680,249 .
- The market value per certificate reached EGP 41.98 on 31/03/2012.
- The Bank portion got 71,943 certificates with redeemed value EGP 3,020,167 .

Hemaya fund

- CIB bank established an accumulated return mutual fund under license no.585 issued from financial supervisory Authority on 23/06/2010. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 519,883 with redeemed value EGP 56,454,095 .
- The market value per certificate reached EGP 108.59 on 31/03/2012.
- The Bank portion got 50,000 certificates with redeemed value EGP 5,429,500 .

Thabat fund

- CIB bank established an accumulated return mutual fund under license no.613 issued from financial supervisory authority on 13/09/2011. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 2,442,210 with redeemed value EGP 256,627,427 .
- The market value per certificate reached EGP 105.08 on 31/03/2012.
- The Bank portion got 52,404 certificates with redeemed value EGP 5,506,612 .

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.

40.1 . Loans, advances, deposits and contingent liabilities

	EGP
Loans and advances	803,169,190
Deposits	160,468,181
Contingent liabilities	128,515,171

40.2 Other transactions with related parties

	Income	**Expenses**
	EGP	EGP
International Co. for Security & Services	468,467	16,416,714
Corplease Co.	22,984,596	15,709,685
Commercial International Life Insurance Co.	753,884	534,775
Commercial International Brokerage Co.	3,873,216	2,220,623
Dinamic Company	607,095	433,370
Egypt Factors	2,336,151	1,588,427
CI Assets Management	30,723	3,575
Commercial International Capital Holding Co.	524,216	68,726
Haykala for Investment	3,578	407
CI Capital Researches	2,258	301

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 low

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

	Mar.31, 2012	Dec.31, 2011
	In thousand EGP	In thousand EGP
Egyptian pound	**(20,315)**	8,068
US dollar	**11,389**	24,134
Sterling pound	**(491)**	408
Japanese yen	**(199)**	(53)
Swiss franc	**273**	118
Euro	**7,468**	7,481