

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 30 September 2011 and the related Separate statements of income, cash flows and changes in equity for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim 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 30 September 2011 and of its Separate financial performance and its Separate cash flows for the nine months then ended in accordance with the Central Bank of Egypt's rules issued on 16 December 2008 and in the light of the prevailing Egyptian laws and regulations relating to the preparation of these Separate financial statements.



Egyptian Financial Supervisory Authority
Register Number "42"

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

Auditors



Egyptian Financial Supervisory Authority
Register Number "96"

KPMG Hazem Hassan
Public Accountants & Consultants

Activities report for the Period from
Jan.1, 2011 to Sep.30, 2011

The following are the significant variances for the Separate Balance Sheet in Sep.30, 2011 compared to Dec.31, 2010 and Income Statement for the period ended Sep.30, 2011 compared to the period ended Sep.30, 2010

	<u>Balance As Of</u>	<u>Balance As Of</u>	<u>Variance</u>
<u>1) Balance sheet</u>	<u>Sep. 30, 2011</u>	<u>Dec. 31, 2010</u>	<u>%</u>
(amounts in EGP Billion)			
- Total assets	81.6	75.1	8.7
- Contingent Liabilities & Commitments	12.0	11.9	0.8
- Loans & Overdraft (Net)	38.0	35.2	7.9
- Investments	16.6	16.3	1.8
- Treasury Bills and other Governmental Notes	8.6	8.8	(2.3)
- Customers Deposits	69.9	63.5	10.1
- Other Provisions	0.3	0.3	0.0
- Total Shareholders' Equity	8.7	8.6	1.2
	<u>The Rate As Of</u>	<u>* The Rate As Of</u>	<u>Variance</u>
	<u>Sep. 30, 2011</u>	<u>Dec. 31, 2010</u>	
2)Capital Adequacy Ratio			
Capital Adequacy Ratio	15.35%	16.92%	(1.6)
* Restated			
<u>3) Income statement</u>	<u>From Jan.1, 2011</u>	<u>From Jan.1, 2010</u>	<u>Variance</u>
(amounts in EGP Million)	<u>to Sep.30, 2011</u>	<u>to Sep.30, 2010</u>	<u>%</u>
- Interest received	3,974.0	3,306.5	20.2
- Interest paid	(2,028.8)	(1,665.0)	22.0
- Banking Fees & Commissions	550.2	551.7	(0.2)
- Net Profit After Tax	1,186.7	1,541.1	(23.0)

Separate Balance Sheet In

Sep. 30, 2011


	Note No.	<u>Sep. 30, 2011</u>	<u>Dec. 31, 2010</u>
		<u>EGP</u>	<u>EGP</u>
<u>Assets:-</u>			
- Cash and Due From Central Bank	(15)	4,585,370,018	5,675,241,791
- Due From Banks	(16)	11,595,011,255	6,769,607,397
- Treasury Bills and Other Governmental Notes	(17)	8,647,963,786	8,821,003,566
- Trading Financial Assets	(18)	599,733,069	1,422,038,841
- Loans and Overdrafts for Banks (Net After Provision)	(19)	179,935,995	125,833,038
- Loans and Overdrafts for Customers (Net After Provision)	(20)	37,781,044,706	35,048,707,895
- Financial Derivatives	(21)	158,821,014	139,263,948
<u>Financial Investments:-</u>			
- Available for Sale	(22)	14,880,838,015	13,605,347,030
- Held to Maturity	(22)	69,066,925	289,151,745
- Financial Investments in Subsidiary and Associated Co.	(23)	1,007,819,234	996,317,538
- Real Estate Investments	(24)	28,334,464	28,695,664
- Debit Balances and Other Assets	(25)	1,378,540,947	1,375,945,140
- Deferred Tax	(33)	84,492,142	79,656,694
- Fixed Assets (Net)	(26)	629,330,705	716,071,158
<u>Total Assets</u>		<u>81,626,302,275</u>	<u>75,092,881,445</u>
<u>Liabilities and Shareholder's Equity:-</u>			
<u>Liabilities:-</u>			
- Due to Banks	(27)	1,515,067,636	1,322,279,909
- Customers Deposits	(28)	69,869,923,902	63,479,883,624
- Financial Derivatives	(21)	108,072,845	113,551,040
- Credit Balances and Other Liabilities	(30)	1,061,426,133	1,123,883,898
- Long Term Loans	(29)	95,915,648	129,113,425
- Other Provisions	(31)	272,197,292	310,238,930
<u>Total Liabilities</u>		<u>72,922,603,456</u>	<u>66,478,950,826</u>
<u>Shareholders' Equity:-</u>			
- Issued and Paid in Capital	(32)	5,934,562,990	5,901,443,600
- Reserves	(32)	1,460,416,239	416,828,938
- Reserve for Employee Stock Ownership Plan (ESOP)		122,008,975	149,520,859
- Retained Earning		-	20,231,298
<u>Total Shareholders' Equity</u>		<u>7,516,988,204</u>	<u>6,488,024,695</u>
- Net Profit of the Period /Year After Tax		1,186,710,615	2,125,905,924
<u>Total Shareholders' Equity and Net Profit for Period / Year</u>		<u>8,703,698,819</u>	<u>8,613,930,619</u>
<u>Total Liabilities and Shareholders' Equity</u>		<u>81,626,302,275</u>	<u>75,092,881,445</u>
<u>Contingent Liabilities and Commitments</u>			
- Letters of Credit, Guarantees and Other Commitments	(37)	12,007,321,308	11,879,748,713

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


Hisham Ezz El-Arab
Chairman
& Managing Director

Separate Income Statement For The Period Ended
Sep. 30, 2011

	Note No.	<u>Last 3 Months</u> <u>Sep. 30, 2011</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep. 30, 2011</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep. 30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep. 30, 2010</u> <u>EGP</u>
- Interest and Similar Income	(6)	1,391,358,470	3,973,996,549	1,134,669,623	3,306,493,377
- Interest Expense and Similar Charges	(6)	(704,485,193)	(2,028,815,453)	(584,051,294)	(1,664,991,389)
<u>Net Interest Income</u>		<u>686,873,277</u>	<u>1,945,181,096</u>	<u>550,618,329</u>	<u>1,641,501,988</u>
- Fees & Commissions Income	(7)	203,312,802	614,274,291	196,212,109	609,954,166
- Fees & Commissions Expense	(7)	(23,342,723)	(64,114,837)	(23,208,938)	(58,278,187)
<u>Net Fees and Commissions Income</u>		<u>179,970,079</u>	<u>550,159,454</u>	<u>173,003,171</u>	<u>551,675,979</u>
- Dividends Income	(8)	983,506	58,015,412	9,631,799	124,246,264
- Net Trading Income	(9)	25,406,341	197,209,565	84,669,197	252,193,234
- Profit from Financial Investments	(22)	(2,929,422)	78,409,261	13,188,574	174,541,834
- Administrative Expenses	(10)	(313,557,203)	(968,821,954)	(297,088,681)	(877,566,249)
- Other Operating (Expenses) Income	(11)	29,787,925	(45,722,562)	31,068,789	3,181,161
- Losses Of Impairment From Loans	(12)	(110,963,329)	(312,228,115)	(30,774,858)	(28,702,347)
<u>Net Profit Before Tax</u>		<u>495,571,174</u>	<u>1,502,202,156</u>	<u>534,316,320</u>	<u>1,841,071,865</u>
- Income Tax	(13)	(107,268,459)	(320,326,989)	(96,038,310)	(299,810,196)
- Deferred Tax	(13) & (33)	(10,985,930)	4,835,448	1,635,132	(203,828)
<u>Net Profit After Tax</u>		<u>377,316,786</u>	<u>1,186,710,615</u>	<u>439,913,142</u>	<u>1,541,057,841</u>
<u>Earning Per Share</u>					
- Basic	(14)	0.56	1.66	0.63	2.13
- Diluted	(14)	0.55	1.62	0.62	2.08


Hisham Ezz El-Arab
Chairman
& Managing Director

Separate Cash Flow For The Period Ended
Sep. 30, 2011

	<u>Sep. 30, 2011</u>	<u>Sep. 30, 2010</u>
	<u>EGP</u>	<u>EGP</u>
<u>Cash Flow from Operating Activities:-</u>		
- Net Income Before Tax	1,502,202,156	1,841,071,865
<u>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</u>		
- Depreciation	143,036,462	134,728,750
- Provisions (Formed During The Period)	315,292,369	83,404,585
- Trading Financial Investments Evaluation Differences	43,856,029	(70,759,769)
- Financial Investments Impairment	(45,883,268)	(32,544,969)
- Utilization of Provisions (Except Provision For Doubtful Debts)	(3,119,614)	(1,556,850)
- Provisions No Longer Used (Except Provision For Doubtful Debts)	(40,284,922)	(108,037,726)
- FCY Revaluation Differences of Provisions Balances (Except Doubtful Debts)	3,926,263	4,657,616
- Profits from Selling Fixed Assets	(2,664,190)	(2,073,253)
- Profits from Selling Financial Investments	(93,073,621)	(126,694,967)
- Profits from Selling an Investment in Associated	(1,873,813)	96
- FCY Revaluation Diff.of Long Term Loans	459,526	176,557
- Shares Based Payments	62,114,443	56,766,651
- Investments in Subsidiary and Associated Co. Evaluation Differences	(501,696)	(614,711)
- Impairment of Real estate investments	361,200	5,989,700
<u>Operating Profits Before Changes in Operating Assets and Liabilities</u>	<u>1,883,847,325</u>	<u>1,784,513,575</u>
<u>Net Decrease (Increase) in Assets and Liabilities</u>		
- Due From Banks	(4,998,033,002)	135,222,889
- Treasury Bills and Other Governmental Notes	121,265,205	1,047,055,612
- Trading Financial Assets	778,449,743	(474,142,850)
- Financial Derivatives (Net)	(25,035,261)	38,530,721
- Loans and Overdrafts	(3,100,295,504)	(6,528,511,716)
- Debit Balances and Other Assets	34,117,966	(52,520,084)
- Due to Banks	192,787,727	292,228,569
- Customers Deposits	6,390,040,278	5,712,154,680
- Credit Balances and Other Liabilities	(382,784,752)	(350,311,291)
<u>Net Cash Provided from Operating Activities</u>	<u>894,359,724</u>	<u>1,604,220,105</u>

Separate Cash Flow For The Period Ended
Sep. 30, 2011

	<u>Sep. 30, 2011</u>	<u>Sep. 30, 2010</u>
	<u>EGP</u>	<u>EGP</u>
<u>Cash Flow from Investing Activities:-</u>		
- Payments to Purchase Subsidiary and Associated Co.	(11,000,000)	(16,455,599)
- Income from Selling Subsidiary and Associated Co.	-	48,750
- Purchase of Fixed Assets , Premises and Fitting- Out of Branches	(90,345,592)	(122,473,601)
- Redemption of Held to Maturity Financial Investments	230,201,187	249,632,622
- Held To Maturity Financial Investment Purchases	(5,000,000)	(15,919,404)
- Purchase of Available for Sale Financial Investment	(1,490,030,694)	(4,561,124,872)
<u>Net Cash (Used In) Provided from Investing Activities</u>	<u>(1,366,175,100)</u>	<u>(4,466,292,104)</u>
<u>Cash Flow from Financing Activities:-</u>		
- Increase (Decrease) in Long - Term Loans	(33,657,304)	41,651,016
- Dividends Paid	(841,922,204)	(658,369,589)
- Capital Increase	33,119,390	25,721,800
<u>Net Cash (Used In) Financing Activities</u>	<u>(842,460,118)</u>	<u>(590,996,773)</u>
Net Cash and Cash Equivalent Changes	(1,314,275,493)	(3,453,068,773)
Beginning Balance of Cash and Cash Equivalent	7,778,944,041	10,062,335,630
<u>Cash and Cash Equivalent Balance at The End of The Period</u>	<u>6,464,668,548</u>	<u>6,609,266,857</u>
<u>Cash and Cash Equivalent are Represented as Follows:-</u>		
- Cash and Due from Central Bank	4,585,370,018	4,532,172,246
- Due from Banks	11,595,011,255	7,571,838,916
- Treasury Bills and Other Governmental Notes	8,647,963,786	8,416,562,813
- Obligatory Reserve Balance With CBE	(2,782,468,103)	(2,429,632,454)
- Due from Banks (Time Deposits) More Than Three Months	(8,610,360,530)	(4,944,604,992)
- Treasury Bills with Maturity More Than Three Months	(6,970,847,877)	(6,537,069,672)
<u>Total Cash and Cash Equivalent</u>	<u>6,464,668,548</u>	<u>6,609,266,857</u>

Separate Statement of Changes in Shareholders' Equity as of
Sep. 30, 2011

<u>Sep. 30, 2010</u>	<u>Capital</u> <u>EGP</u>	<u>Legal Reserve</u> <u>EGP</u>	<u>General Reserve</u> <u>EGP</u>	<u>Retained Earning</u> <u>EGP</u>	<u>Special Reserve</u> <u>EGP</u>	<u>Reserve For</u> <u>A.F.S Investments</u> <u>Revaluation Diff.</u> <u>EGP</u>	<u>Banking</u> <u>Risks Reserve</u> <u>EGP</u>	<u>Profits Of The Period</u> <u>EGP</u>	<u>Reserve For Employee</u> <u>Stock Ownership</u> <u>Plan (ESOP)</u> <u>EGP</u>	<u>Total</u> <u>EGP</u>
- Beginning Balance	2,925,000,000	513,606,534	1,463,656,484	(1,942,684)	206,530,551	(106,589,600)	26,652,790	1,756,956,708	161,728,985	6,945,599,768
- Capital Increase	2,976,443,600	(476,326,032)	(2,474,395,768)	-	-	-	-	-	-	25,721,800
- Transferred to Reserves	-	87,847,835	1,089,303,930	-	-	-	-	(1,098,587,119)	(78,564,646)	-
- Dividends Paid	-	-	-	-	-	-	-	(658,369,589)	-	(658,369,589)
- Net Profit of The Period	-	-	-	-	-	-	-	1,541,057,841	-	1,541,057,841
- Transferred to Retained Earning	-	-	-	22,173,982	(22,173,982)	-	-	-	-	-
- Addition from Financial Investment Revaluation	-	-	-	-	-	110,090,291	-	-	-	110,090,291
- Transferred to Bank Risk Reserve	-	-	-	-	-	-	113,960,161	(113,960,161)	-	-
- Reserve for Employees Stock Ownership Plan (ESOP)	-	-	-	-	-	-	-	-	56,766,651	56,766,651
Balance at The End of The Period	5,901,443,600	125,128,337	78,564,646	20,231,298	184,356,569	3,500,691	140,612,951	1,427,097,680	139,930,991	8,020,866,762

<u>Sep. 30, 2011</u>	<u>Capital</u> <u>EGP</u>	<u>Legal Reserve</u> <u>EGP</u>	<u>General Reserve</u> <u>EGP</u>	<u>Retained Earning</u> <u>EGP</u>	<u>Special Reserve</u> <u>EGP</u>	<u>Reserve For</u> <u>A.F.S Investments</u> <u>Revaluation Diff.</u> <u>EGP</u>	<u>Banking</u> <u>Risks Reserve</u> <u>EGP</u>	<u>Profits Of The Period</u> <u>EGP</u>	<u>Reserve For Employee</u> <u>Stock Ownership</u> <u>Plan (ESOP)</u> <u>EGP</u>	<u>Total</u> <u>EGP</u>
- Beginning Balance	5,901,443,600	125,128,337	78,564,646	20,231,298	184,356,569	2,126,596	156,992,515	1,995,566,199	149,520,859	8,613,930,618
- Capital Increase	33,119,390	-	-	-	-	-	-	-	-	33,119,390
- Transferred to Reserves	-	106,216,559	1,155,710,315	-	1,574,746	-	-	(1,173,875,293)	(89,626,327)	-
- Dividends Paid	-	-	-	(20,231,298)	-	-	-	(821,690,906)	-	(841,922,204)
- Net Profit of The Period	-	-	-	-	-	-	-	1,186,710,615	-	1,186,710,615
- Addition from Financial Investment Revaluation	-	-	-	-	-	(350,254,044)	-	-	-	(350,254,044)
- Transferred from Bank Risk Reserve	-	-	-	-	-	-	76,166,450	(76,166,450)	-	-
- Reserve for Employees Stock Ownership Plan (ESOP)	-	-	-	-	-	-	-	-	62,114,443	62,114,443
Balance at The End of The Period	5,934,562,990	231,344,896	1,234,274,960	-	185,931,315	(348,127,448)	233,158,965	1,110,544,166	122,008,975	8,703,698,819

Commercial International Bank (Egypt) S.A.E.
Notes on the Separate Financial Statements
For the Financial Period
From January 1, 2011 to September 30, 2011

1. General Information

Commercial International Bank (Egypt) provides retail, corporate banking and investment banking services in various parts of Egypt through 106 branches, in addition to 46 units and employs over 4418 employees in the balance sheet date.

Commercial International Bank (Egypt) S.A.E was formed as a Commercial Bank under the Investment Law No. 43 for 1974. The address of its registered office is as follows: Nile Tower, 21/23 Charles De Gaulle Street.
The Bank is listed in the Egyptian Stock Exchange.

2. Summary Of Significant Accounting Policies

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

2.1 Basis Of Preparation

- The Separate financial statements have been prepared in accordance with Egyptian Financial Reporting Standards issued in 2006 and its amendments and in accordance with the instructions of the Central Bank of Egypt approved by the Board of Directors as of December 16, 2008 consistent with the principles referred to.
The Separate financial statements have been prepared under the historical cost convention, as modified by the revaluation of trading, financial assets and financial liabilities held at fair value through profit or loss, available for sale and all derivatives contracts.

The preparation of these financial statements are according to relevant domestic laws, and the bank also prepared consolidated financial statements of the Bank and its subsidiaries in accordance with Egyptian Accounting Standards, the affiliated companies are entirely included in the consolidated financial statements and these companies are the companies that the bank which - directly or indirectly – has more than half of the voting rights or has the ability to control the financial and operating policies of an enterprise, regardless of the type of activity, the consolidated financial statements of the Bank can be obtained from the Bank's management. The investments in subsidiaries and associate Companies are Disclosed in the stand alone financial statements of the Bank and its accounting treatment is at cost deducting Impairment Losses from it.

And stand alone financial statements of the bank should be read with its consolidated financial statements, and for the period ended September 30 ,2011 so you can get complete information on the financial position of the bank for the Results of its operations and its cash flows and changes in ownership rights.

And the financial statements of the Bank until December 31, 2009 was prepared using the Central Bank of Egypt instructions in force until that date, which differ in some aspects from the new Egyptian Accounting Standards issued in 2006 and its amendments. In preparing the financial statements for the fiscal period ended September 30, 2011, management has amended certain accounting policies and measurement bases to be consistent with new accounting standards and with the requirements of preparation and presentation of the financial statements of banks and foundations of the recognition and measurement of the Board of Directors of the Central Bank of Egypt in December 16, 2008.

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

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

The following is a summary of significant changes in accounting policies and financial statements due to the application of these accounting adjustments:

- Changed the disclosure requirements of the objectives and policies and methods of risk management, financial management and capital adequacy and some other explanatory notes.
- The bank set the relevant parties in accordance with the requirements of the amended and added some new clarifications on these parties

- Collecting all institutions controlled by the bank directly or indirectly, irrespective of the activity of these institutions. Previously, there were no collection institutions that do not work in banking or finance. The users of these independent financial statements, reading consolidated financial statements of the Bank, as and for the period ended September 30, 2011, so for getting complete information on the Bank's financial position and results of its work and its cash flows and changes in owner equity.
- The Bank's in consolidated financial statements use the equity method in associates companies instead of the cost method. And For the purpose of applying the equity method The bank compares the cost of acquisition with the fair value of net assets of the investee company at the date of acquisition and to determine the difference as goodwill. And In those cases where the fair value of net assets of the investee company is not available at the date of acquisition The book values of net assets regarded as equal to the fair value and identify Goodwill on this basis. And after that changes in equity of the associate company subsequent to the date of acquisition was taken to adjust the book value in the financial statement As a result of an amendment to retained earnings in first of January 2009 by the amount of (18,601,847) Egyptian Pound represent The net losses resulting from applying the equity method until this date And The Bank continued to use the cost method of accounting for associates in these Separate financial statements

As a result of applying Central Bank of Egypt regulations and the EAS, good will accounting policy had been changed starting January 2009 by annual impairment test in the consolidated financial statements affecting income statement with 20% amortization Annually of the good will or the impairment amount which bigger.
- Studying all the differences that result in tax obligations for tax deferred and recognized retroactively, and for deferred tax assets and retained tax losses, it has been recognized only within the limits of future economic benefits expected of them.
- Note number (35) shows the impact of that change on the item of owner equity and available for sale, investments which were previously measured at cost adjusted rate differentials in exchange rates or fair value whichever is less with the incurred of the decline in value of the income statement.
- As a Result of the application instructions and the new criteria to recognize all derivatives in the first of January 2009 in the financial statements, as separate derivatives implicit in the history of recognition in the financial statements was the measurement of all derivatives at fair value
- The method of measuring loans and facilities impairment and other debt instruments, which are measured at amortized cost, has changed, Resulted in cancellation of the General Provisions component of loans and facilities and instead total provision was provided for groups of assets that carry a credit risk and similar characteristics or individual provision. As a result of changing the way of provision provided increase the specified provision, which were configured for specific items by amount of EGP 20.536.766. The total increase in the outstanding provision in the 1st of Jan 2009 had retained to special reserve in owner's equity according to the new way.
- When the actual rate of return determined for applying the amortized cost method to calculate the income and the cost of the return on debt instruments, in commissions and fees associated with the acquisition or issuance of debt instruments and added to or deducted from the value of the acquisition / release as part of the cost of treatment, which lead to change the actual rate of return of those tools. It was not practicable to apply the impact of this accounting change retroactively, but that change has been applied to debt instruments acquired or issued on or after the first January 2009
- The Bank has applied the accounting requirements for payment shown on the shares of such regulations in force on or after the first of January 2011. As a result, the income statement for the fiscal year ended September 30, 2011 added by amount of EGP 62,114,443 is the cost of stock options granted to employees.
- Purchase accounting was applied to all acquisitions made on or after the first of January 2009 in accordance with the new requirements of accounting, and there was no effect on the bank Separate or consolidated financial statements.
- The Bank has conducted Assets Acquired as Settlement of Debts of the purpose for ascertaining the applicability of rules classified as non-current assets held for sale under other assets and they did not result in a difference in the classification or value measured those assets.

2.2 Subsidiaries And Associates

(A) Subsidiaries

- Subsidiaries are all entities (including special purpose entities) over which the Bank has owned directly or indirectly the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank has the ability to control the entity or not.

(B) 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 purchase method of accounting is used to account the acquisition of subsidiaries by the Bank. The cost of an acquisition is measured as the fair value of the assets given and/or, equity instruments issued and/or liabilities incurred and/or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Bank's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired; the difference is recognised directly in the income statement under the item Other operating income (expense).
- Accounting for subsidiaries and associates in the financial statements are recorded by cost method, according to this method, investments are a cost of acquisition including any good will, deducting any impairment losses in value, and recording the dividends in the income statement in the adoption of the distribution of these profits and evidence of the bank right to collect it.

2.3 Segment Reporting

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

2.4 Foreign Currency Translation

(A) Functional And Presentation Currency

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

(B) Transactions And Balances In Foreign Currencies

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

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

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

2.5 Financial Assets

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

(A) Financial Assets At Fair Value Through Profit Or Loss

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

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

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

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

Any financial derivative of a valued financial instrument at fair value can't be reclassified Through profit and loss during the retention or force period. Also there is no re-classification for any financial instrument, quoting from a range of financial instruments at fair value Through profit and loss if this tool has been customized by the bank at initial recognition as assessed at fair value through profit and loss.

According to the financial assets for trading which are reclassified in the periods that begin from or after first of Jan 2009 it is reclassified according to the fair value in the date of reclassification.

Bank in all conditions doesn't reclassify any financial instrument moving to programs of financial instruments reclassified with fair value from profit and loss or to financial assets program for trading.

(B) Loans And Debts

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

(C) Held-To-Maturity Financial 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 to maturity. If the Bank were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale unless in the necessary cases.

(D) Available-For-Sale Financial Assets

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

Financial assets follow what's below:

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

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

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

Available-for-sale financial assets, financial assets at fair value through profit or loss, and held-to-maturity investments are subsequently carried at fair value investments and amortised cost. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired.

At this time, the cumulative gain or loss previously recognised in equity is recognised in profit or loss. However, interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognised in the

income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the bank's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, or no current demand prices available the Bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. If the bank had been unable to estimate the fair value of equity instruments classified available for sale, value is measured at cost less any impairment in value.

The Bank re-tab the financial asset tabbed within the range of financial instruments available for sale, which left the definition of loans and debts (bonds or loans), quoting a set of tools available for sale to the group of loans and debts or financial assets held to maturity - all as the case - when available Bank has the intent and ability to hold these financial assets in the foreseeable future or until maturity and are re-tab at fair value on the date of re-tabbing, and not process any profits or losses on those assets that have been recognized previously in equity and this is in the following manner:

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

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

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

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

2.6 Offsetting Financial Instruments

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

And the clauses of agreements to buy treasury bills with a commitment to re-sale agreements and sale of treasury bills with a commitment to re-purchase on a net basis within the balance sheet item, treasury bills and other government papers.

2.7 Derivative Financial Instruments And Hedge Accounting

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

2.8 Interest Income And Expense

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

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

Once loans or debts are classified as nonperforming or impaired, the revenue of interest income will not be recognized and will be recorded in the marginal records outside the financial statements, and are recognized as income in accordance with the cash basis in as the following:

- When it is collected and this is after redeeming all dues of consumer loans and personnel mortgages also small loans for economic activities.
- Loans given to institutions it is related to the monetary base also , it raises the return after that , according to rescheduling conditions on the loan till paying 25% from rescheduling payments with a minimum one year without being late , if the customer is always paying at his due dates the interest calculated is added to the loan balance which makes revenues (interest on rescheduling without deficits) without interests aside before rescheduling which is avoiding revenues except after paying all the loan balance in the balance sheet before rescheduling

2.9 Fee And Commission Income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) Where it is recorded in the records of marginal outside the financial statements, And are recognized as income in accordance with cash basis Income is recognized when revenue for fees that represent an integral part of the effective yield of the financial asset are generally treated as an amendment to the actual rate of return.

And postponement of fees is the link on the loans if there is a possibility that such loans will be withdrawn and the fees on the grounds that the link obtained by the Bank are considered compensation for the constant intervention for the acquisition of a financial instrument, Then recognized by the amended effective interest rate on the loan In the case of the end of the link without issuing bank for the loan, fees are recognized as income at the end of the period of validity of the link.

Fees are recognized on the debt instruments that are measured at fair value within the income on initial recognition and Loan syndication fees are recognised as revenue when the syndication has been completed also the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants.

Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction in the income statement .

Other management advisory and service fees are recognised based on the applicable service contracts, usually on a relative time distribution basis. Financial planning fees related to investment funds are recognised rateably over the period in which the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

2.10 Dividend Income

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

2.11 Sale And Repurchase Agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements deducted from treasury bills balance. Securities purchased subject to resell agreements ('revers repos') are reclassified in the financial statements 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

(A) Assets Carried At Amortised Cost

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

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

- 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.
- Deterioration of the credit situation.

The objective evidence of impairment loss for a group of financial assets is a clear data indicate to a decline which can be measured in future cash flows expected from this group since its initial recognition, although it's impossible to determine the decrease of each asset separately, for example increasing the number of failures in payment for One of the banking products.

The estimated period between a losses occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between three months and 12 months.

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. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If no impairment losses result from the previous assessment of impairment in this case the asset included in a collective assessment of impairment.

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

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

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (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.

(B) 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 or held to maturity is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. During Periods start from First of January 2009, The Decrease Consider significant cause it become 10% From cost of book value and the decrease consider to be extended if it continue for period more than 9 months, and if the mentioned evidences become available then the accumulated loss to be post from the equity and disclosed at the income statement, impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

2.13 Real Estate Investments

The real estate investments represent lands and buildings owned by the Bank in order to obtain rental returns or capital gains and therefore does not include real estate assets which the bank exercised its work through or those that have been owned by the bank as settlement of debts. The accounting treatment is the same used with fixed assets.

2.14 Fixed Assets

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

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Buildings	20 years,
- Leasehold improvements	3 years, or over the period of the lease if less
- Furniture and safes	5 years.
- Typewriters, Calculators & air-conditions	8 years
- Transportations	5 years
- Computers and Core Systems	3/10 years
- Fixtures and fittings	3 years

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

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

2.15 Impairment Of Non-Financial Assets

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

2.16 Leases

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

(A) Being Lessee

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

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

(B) Being Lessor

For assets leased financially, assets are recorded in the fixed assets 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 balance sheet in the income statement until the expiration of the lease where it is used to off set with a net book value of the leased asset. Maintenance and insurance expenses are loaded on the income statement when incurred to the extent that they are not charged to the tenant.

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

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

2.17 Cash And Cash Equivalents

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

2.18 Other Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions which negated the purpose of wholly or partly repaid within the item other operating income (expense).

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation which become due after one year from the financial statement date using appropriate rate for the due date (without being affected by effective tax rate) which reflect time value of money, and if the due date is less than one year we calculate the estimated value of obligation but if it have significant impact then it calculated using the current value.

2.19 Staff Benefits -Share-Based Compensation

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

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

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

2.20 Income Tax

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

Income tax is recognized based on net taxable profit using the tax rates applicable at the date of the 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 recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost also any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.22 Dividends

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

2.23 Comparatives

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

3. Financial Risk Management

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and 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 analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by 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 centralised in a credit risk management team in Bank Treasury and reported to the Board of Directors and head of each business unit regularly.

3.1.1 Credit Risk Measurement

(A) Loans And Facilities 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.

<u>Bank's rating</u>	<u>Description of the grade</u>
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.

(B) Debt Instruments And Treasury And Other Bills

For debt instruments and bills, external rating such as Standard & 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 used. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

3.1.2 Risk Limit Control And Mitigation Policies

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

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

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

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

(A) Collateral

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

- Mortgages over residential properties;
- Mortgage business assets such as premises, 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.

B) Derivatives

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

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

(C) Master Netting Arrangements

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

(D) Credit-Related Commitments

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

Commitments to extend credit represent unused portions of 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 systems described in Note 3.1.1 focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognized for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and CBE regulation purposes.

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

Bank's Rating

	Sep.30, 2011		Dec.31, 2010	
	Loans and Facilities (%)	Impairment Provision (%)	Loans and Facilities (%)	Impairment Provision (%)
1-Performing loans	90.28	45.15	90.88	54.59
2-Regular watching	5.37	5.37	5.40	5.30
3-Watch list	1.42	2.75	0.99	2.56
4-Non Performing Loans	2.93	46.73	2.73	37.55
	100.00	100.00	100.00	100.00

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

- Cash flow difficulties experienced by the borrower 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, for economic, legal reasons, or financial difficulties facing the borrower
- Deterioration in the value of collateral
- Deterioration in the credit situation

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

Collectively assessed impairment allowances are provided portfolios of homogenous assets by using the available historical experience, experienced judgment and statistical techniques.

3.1.4 Pattern of Measuring the General Banking Risk

In addition to the four categories of measuring credit worthiness discussed in disclosure 3.1.1.a the management makes small groups more detailed according to the CBE rules. Assets facing credit risk are classified to detailed conditions relying greatly on customer's information, activities, financial position and his regular payments to his debts.

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

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

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

CBE RATING	Categorization	PROVISION%	INTERNAL RATING	Categorization
1	Low Risk	0%	1	Performing Loans
2	Average Risk	1%	1	Performing Loans
3	Satisfactory Risk	1%	1	Performing Loans
4	Reasonable Risk	2%	1	Performing Loans
5	Acceptable Risk	2%	1	Performing Loans
6	Marginally Acceptable Risk	3%	2	Regular Watching
7	Watch List	5%	3	Watch List
8	Substandard	20%	4	Non Performing Loans
9	Doubtful	50%	4	Non Performing Loans
10	Bad Debts	100%	4	Non Performing Loans

3.1.5 Maximum Exposure to Credit Risk Before Collateral Held

	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>
In Balance Sheet Items Exposed to Credit Risk		
Treasury Bills and Other Governmental Notes	9,158,967,043	9,616,491,239
Trading Financial Assets		
– Debt Instruments	394,376,028	880,224,887
Loans and Overdrafts for Banks	196,377,684	128,527,576
Loans and Facilities to Customers:		
Individual:		
- Overdrafts	861,358,086	695,995,810
- Credit Cards	558,749,469	530,877,533
- Personal Loans	2,449,026,902	1,960,327,857
- Real Estate Loans	423,138,029	432,348,843
- Other Loans	59,384,290	84,424,581
Corporate:		
- Overdrafts	4,135,207,600	3,331,087,693
- Direct Loans	23,695,298,005	21,584,681,502
- Syndicated Loans	7,273,283,574	7,758,798,180
- Other Loans	93,440,776	209,582,685
Financial Derivatives	158,821,014	139,263,948
Financial Investments (Debt Instruments)	14,400,628,633	13,355,786,433
Financial Investments in Subsidiary and Associated Co.	1,007,819,234	996,317,538
Total	<u>64,865,876,366</u>	<u>61,704,736,305</u>
Off Balance Sheet Items Exposed to Credit Risk		
Financial Guarantees	766,787,144	631,466,319
Customers Acceptances	437,947,024	589,087,209
Letter of Credit	583,299,110	989,910,137
Letter of Guarantee	10,986,075,174	10,300,751,367
Total	<u>12,774,108,452</u>	<u>12,511,215,032</u>

The above table represents the Maximum bank exposure to credit risk at 30 September 2011, without taking account of any collateral held. For in balance sheet items, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above, 62.06% of the total maximum exposure is derived from loans and Facilities to banks and customers; 22.96% represents investments in debt Instruments.

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

- 95.65% of the loans and Facilities portfolio is categorized in the top two grades of the internal rating system.
- 97.07% of the loans and Facilities portfolio are considered to be neither past due nor impaired.
- loans and Facilities assessed on an individual basis valued EGP 1,164,304,753
- The bank has implemented more prudent processes when granting loans and Facilities during the financial Period ended in September.30.2011.
- 85.03% of the investments in debt Instruments are represented in governmental instruments.

3.1.6 Loans and Facilities

Loans and Facilities are Summarized as Follows:

	<u>Sep.30, 2011</u>		<u>Dec.31, 2010</u>	
	<u>Loans and Facilities to Customers</u>	<u>Loans and Facilities to Banks</u>	<u>Loans and Facilities to Customers</u>	<u>Loans and Facilities to Banks</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Neither Past Due nor Impaired	37,635,659,827	166,549,184	34,881,552,441	99,503,076
Past Due but not Impaired	778,750,651	-	732,629,119	-
Individually Impaired	1,134,476,253	29,828,500	973,943,123	29,024,500
Gross	<u>39,548,886,731</u>	<u>196,377,684</u>	<u>36,588,124,684</u>	<u>128,527,576</u>
Less: Impairment Provision	1,427,110,277	16,441,689	1,255,187,888	2,694,538
Net	<u>38,121,776,454</u>	<u>179,935,995</u>	<u>35,332,936,795</u>	<u>125,833,038</u>

- Impairment losses for loans and Facilities has reached EGP 1,443,551,966 and for more details about impairment provisions and loans for customers and banks see note 19 and 20

- During the period the bank's total loans and Facilities increased by 8.25% as a result of the expansion of the lending business in Egypt. When entering into new markets or new industries, to decrease the credit risk exposure, the bank focused more on the business with large corporate enterprises or banks with good credit rating or retail customers providing sufficient collateral.

- Net Loans and Facilities to Customers and Banks:

EGP

Sep.30, 2011	Individual					Corporate				Total Loans and Facilities to Customers	Total Loans and Facilities to Banks
	Overdrafts	Credit Cards	Personal Loans	Mortgages	Other Loans	Overdraft	Direct Loans	Syndicated Loans	Other Loans		
Grades:											
1-Performing Loans	807,425,637	487,356,364	2,302,916,941	410,769,448	56,054,387	3,747,570,951	20,427,786,673	6,742,694,059	84,998,410	35,067,572,870	160,882,532
2-Regular Watching	16,987,665	9,675,668	34,438,340	-	-	156,562,544	1,746,380,286	85,029,141	5,050,585	2,054,124,229	3,713,802
3-Watch List	16,377,471	3,951,532	15,291,309	-	-	14,836,023	475,217,382	-	-	525,673,717	-
4-Non Performing Loans	1,521,776	13,745,831	19,721,300	2,150,997	1,144,852	40,952,361	253,114,867	141,667,173	386,481	474,405,638	15,339,661
Total	842,312,549	514,729,395	2,372,367,890	412,920,445	57,199,239	3,959,921,879	22,902,499,208	6,969,390,373	90,435,476	38,121,776,454	179,935,995

EGP

Dec.31, 2010	Individual					Corporate				Total Loans and Facilities to Customers	Total Loans and Facilities to Banks
	Overdrafts	Credit Cards	Personal loans	Mortgages	Other Loans	Overdraft	Direct Loans	Syndicated Loans	Other Loans		
Grades:											
1-Performing loans	675,170,714	472,507,944	1,848,342,189	422,225,216	49,315,690	3,033,424,532	18,795,822,937	7,081,304,703	206,356,881	32,584,470,805	97,524,952
2-Regular watching	12,666,302	14,691,771	31,833,042	137,891	20,205,968	65,793,224	1,685,532,350	84,905,117	10,458	1,915,776,123	-
3-Watch list	3,216	1,264,587	2,444,904	304,044	201,828	20,801,628	93,451,118	211,620,140	233,917	330,325,382	-
4-Non Performing Loans	1,207,336	293,404	6,248,513	793,528	1,300,666	61,860,290	249,913,269	180,327,341	420,138	502,364,485	28,308,086
Total	689,047,568	488,757,705	1,888,868,648	423,460,679	71,024,151	3,181,879,675	20,824,719,675	7,558,157,301	207,021,394	35,332,936,795	125,833,038

- Loans and Facilities Past Due but not Impaired:

Loans and Facilities less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary.

EGP

Sep.30, 2011	Individual						Corporate			
	Overdrafts	Credit Cards	Personal Loans	Mortgages	Other Loans	Total	Overdraft	Direct Loans	Syndicated Loans	Total
Past due up to 30 days	297,539,841	100,082,188	61,567,547	1,798,609	-	460,988,184	46,836,474	170,082,959	-	216,919,433
Past due 30 - 60 days	17,174,165	10,276,366	2,726,501	275,846	-	30,452,877	12,565,956	13,685,598	-	26,251,553
Past due 60-90 days	16,477,944	4,898,171	1,649,470	171,232	-	23,196,818	17,540,969	3,099,685	301,132	20,941,786
Total	331,191,950	115,256,725	65,943,518	2,245,686	-	514,637,879	76,943,398	186,868,242	301,132	264,112,772

Dec.31, 2010	Individual						Corporate			
	Overdrafts	Credit Cards	Personal Loans	Mortgages	Other Loans	Total	Overdraft	Direct Loans	Syndicated Loans	Total
Past due up to 30 days	295,014,498	100,541,608	1,897,568	287,824	-	397,741,498	-	31,138,040	31,432,373	62,570,412
Past due 30-60 days	13,209,540	11,914,183	2,280,478	67,046	-	27,471,247	3,980,230	6,189,824	-	10,170,054
Past due 60-90 days	9,394,615	33,905,987	63,218,015	1,284,568	-	107,803,185	71,364,194	55,508,529	-	126,872,723
Total	317,618,653	146,361,778	67,396,061	1,639,438	-	533,015,929	75,344,424	92,836,393	31,432,373	199,613,190

- Individually Impaired Loans.

Loans and Facilities assessed on an individual basis before cash flows from guarantees are totaled EGP 1,164,304,753

The breakdown of the gross amount of individually impaired loans and Facilities by class, along with the fair value of related collateral held by the Bank as security, are as follows:

	Individual					Corporate				Total
	Overdraft	Credit Cards	Personal Loans	Mortgages	Other Loans	Overdraft	Direct Loans	Syndicated Loans	Other Loans	
Sep.30, 2011										
Individually Impaired Loans	17,805,888	52,371,772	81,010,308	9,175,034	1,422,680	137,303,620	540,962,690	322,536,272	1,716,490	1,164,304,753
Dec.31, 2010										
Individually Impaired Loans	6,978,664	26,646,934	65,343,577	5,834,947	12,838,666	150,610,141	530,355,088	203,688,263	671,343	1,002,967,623

- Loans and Facilities Restructured

Restructuring activities include extended payment arrangements, execute obligatory management programs, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgment of local management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans Renegotiated loans that would otherwise be past due or impaired totaled at the of the financial year EGP 2,896,056,000

	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>
Loans and Facilities to Customers – Individuals:		
Institutions		
– Direct Loans	2,896,056,000	2,421,912,000
Total	2,896,056,000	2,421,912,000

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:

	<u>Treasury Bills and Other Gov. Notes</u>	<u>Trading Financial Instruments</u>	<u>Financial Investments</u>	<u>Designated at Fair Value</u>	<u>Total</u>
Sep.30, 2011	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
AAA	-	-	1,180,751,077	-	1,180,751,077
AA- to AA+	-	20,899,959	444,812,942	-	465,712,901
A- to A+	-	16,781,359	358,821,989	-	375,603,348
Lower than A-	-	97,987,682	854,324,485	-	952,312,167
Unrated	8,647,963,786	464,064,070	13,119,013,681	-	22,231,041,537
Total	8,647,963,786	599,733,069	15,957,724,174	-	25,205,421,029

3.1.8 Concentration of Risks of Financial Assets with Credit Risk Exposure

(a) Geographical Sectors

The following table breaks down the bank's main credit exposure at their book values categorized by geographical region at the end of financial Period. For this table, the bank has allocated exposures to regions based on the country of domicile of its counterparties.

Sep.30, 2011	EGYPT				Total
	Cairo	Alex. Delta & Sinai	Upper Egypt		
- Treasury Bills and Other Governmental Notes	9,158,967,043	-	-		9,158,967,043
- Trading Financial Assets					
– Debt Instruments	394,376,028	-	-		394,376,028
- Loans and Facilities to Banks	196,377,684	-	-		196,377,684
- Loans and Facilities to Customers:					
– Individual:					
– Overdraft	510,657,358	318,764,764	31,935,964		861,358,086
– Credit Cards	558,749,469	-	-		558,749,469
– Personal Loans	1,600,243,777	781,550,517	67,232,608		2,449,026,902
– Mortgages	344,411,988	73,940,097	4,785,944		423,138,029
– Other Loans	47,063,350	12,320,940	-		59,384,290
– Corporate:					
– Overdraft	3,479,496,527	653,260,354	2,450,719		4,135,207,600
– Direct Loans	17,133,411,289	6,530,526,691	31,360,025		23,695,298,005
– Syndicated Loans	6,884,202,158	389,081,416	-		7,273,283,574
– Other Loans	74,586,939	18,853,837	-		93,440,776
- Financial Derivatives	158,821,014	-	-		158,821,014
- Financial Investments (Debt Instruments)	14,400,628,633	-	-		14,400,628,633
- Financial Investments in Subsidiary and Associated Co.	1,007,819,234	-	-		1,007,819,234
	<u>55,949,812,490</u>	<u>8,778,298,616</u>	<u>137,765,260</u>		<u>64,865,876,366</u>

(b) Industry Sectors

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

Sep.30, 2011	Financial Institutions	Manufacturing	Real Estate	Wholesale and Retail	Government	Other industries	Individual	Total
				Trade	Sector			
Treasury Bills and Other Governmental Bills	9,158,967,043	-	-	-	-	-	-	9,158,967,043
Financial Assets for Trading								
– Debt Instruments	394,376,028	-	-	-	-	-	-	394,376,028
Loans and Facilities to Banks	196,377,684	-	-	-	-	-	-	196,377,684
Individual:								
– Overdraft	-	-	-	-	-	-	861,358,086	861,358,086
– Credit Cards	-	-	-	-	-	-	558,749,469	558,749,469
– Personal Loans	-	-	-	-	-	-	2,449,026,902	2,449,026,902
– Mortgages	-	-	-	-	-	-	423,138,029	423,138,029
– Other Loans	-	-	-	-	-	-	59,384,290	59,384,290
Corporate:								
– Overdraft	47,339,507	1,267,090,190	1,263,153,742	171,651,074	8,874,013	1,377,099,074		4,135,207,600
– Direct Loans	639,807,393	10,038,234,657	357,457,146	334,774,232	1,283,235,479	11,041,789,098		23,695,298,005
– Syndicated Loans	300,696,272	3,057,250,857	415,462,865	-	-	3,499,873,580		7,273,283,574
– Other Loans	-	65,422,116	-	2,000,000	-	26,018,660		93,440,776
Derivative Financial Instruments	158,821,014	-	-	-	-	-		158,821,014
Investment Securities – Debt Instrument	14,400,628,633	-	-	-	-	-		14,400,628,633
Financial Investments in Subsidiary and Associated Co.	1,007,819,234	-	-	-	-	-		1,007,819,234
	<u>26,304,832,807</u>	<u>14,427,997,820</u>	<u>2,036,073,753</u>	<u>508,425,306</u>	<u>1,292,109,492</u>	<u>15,944,780,412</u>	<u>4,351,656,776</u>	<u>64,865,876,366</u>

3.2 Market Risk

Market Risk is defined as the risk that the value of the Bank's on- and off-balance sheet positions will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices resulting in a loss to earnings and capital. The Bank segregates the exposure to the market risk into either 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 (ALCO), Board Risk Committee and the heads of each business unit.

Trading portfolios include those positions that are revalued at the market prices (Mark to Market), arising from market-making transactions where the Bank acts as principal with clients or with the market. Non-trading portfolios include those positions primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities.

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 securities and loans to which the fair value option has been applied. The major measurement techniques used to measure and control market risk are outlined below.

(a) Value at Risk

The Bank applies a "value at risk" methodology (VaR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected 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 month). 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.

(b) 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

- Total VaR by Risk Type

	Sep.30, 2011			Dec.31, 2010		
	Medium	High	Low	Medium	High	Low
1- Foreign Exchange Risk	283,870	1,181,682	21,344	335,428	1,021,367	47,251
2- Interest Rate Risk	26,854,318	37,485,320	15,637,969	64,862,911	81,655,436	53,996,397
- For Non Trading Purposes	17,578,650	25,895,366	8,749,604	48,257,686	63,983,903	38,055,532
- For Trading Purposes	9,247,404	15,833,403	7,289,016	13,970,809	17,970,757	4,319,514
3- Equities Risk	1,969,854	2,197,598	1,756,494	6,140,352	6,714,030	3,478,929
4- Investment Fund	876,506	960,443	802,854	1,218,674	1,617,940	1,080,322
Total VaR	27,348,042	37,916,188	16,200,628	66,470,692	83,020,106	55,788,545

- Trading Portfolio VaR by Risk Type

	Sep.30, 2011			Dec.31, 2010		
	Medium	High	Low	Medium	High	Low
1- Foreign Exchange Risk	283,870	1,181,682	21,344	335,428	1,021,367	47,251
2- Interest Rate Risk						
- For Trading Purposes	9,247,404	15,833,403	7,289,016	13,970,809	17,970,757	4,319,514
3- Equities Risk	1,969,854	2,197,598	1,756,494	6,140,352	6,714,030	3,478,929
4- Investment Fund	876,506	960,443	802,854	1,218,674	1,617,940	1,080,322
Total VaR	9,964,116	11,528,230	8,835,675	16,670,238	18,818,850	12,881,880

- Non Trading Portfolio VaR by Risk Type

	Sep.30, 2011			Dec.31, 2010		
	Medium	High	Low	Medium	High	Low
Interest Rate Risk						
- For Non Trading Purposes	17,578,650	25,895,366	8,749,604	48,257,686	63,983,903	38,055,532
- Total VaR	17,578,650	25,895,366	8,749,604	48,257,686	63,983,903	38,055,532

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

3.2.3 Foreign Exchange Risk

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

	<u>EGP</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>Other</u>	<u>Equivalent EGP Total</u>
Sep.30, 2011						
<u>Assets</u>						
Cash and Due from Central Bank	4,109,315,177	322,011,764	113,051,615	18,860,636	22,130,826	4,585,370,018
Due from Banks	518,395,426	7,321,099,887	3,249,141,425	373,096,524	133,277,993	11,595,011,255
Treasury Bills and Other Governmental Notes	9,158,967,043	-	-	-	-	9,158,967,043
Trading Financial Assets	464,064,064	108,444,924	8,080,001	-	19,144,079	599,733,069
Loans and Overdrafts for Banks	-	171,309,573	25,068,111	-	-	196,377,684
Loans and Overdrafts for Customers	21,938,657,183	16,368,714,236	1,202,487,988	16,775,960	22,251,363	39,548,886,731
Financial Derivatives	67,113,720	83,813,577	7,893,717	-	-	158,821,014
<u>Financial Investments:-</u>						
- Available for Sale	13,132,780,946	1,708,449,220	39,607,849	-	-	14,880,838,015
- Held to Maturity	69,066,925	-	-	-	-	69,066,925
- Financial Investments in Subsidiary and Associated Co.	989,206,250	18,612,984	-	-	-	1,007,819,234
Total Financial Assets	50,447,566,734	26,102,456,165	4,645,330,706	408,733,121	196,804,261	81,800,890,987
<u>Liabilities</u>						
Due to Banks	1,150,405,800	331,147,556	33,473,629	40,651	-	1,515,067,636
Customers Deposits	39,967,455,955	24,787,368,633	4,513,787,222	454,862,498	146,449,593	69,869,923,902
Financial Derivatives	13,992,959	89,840,115	4,239,771	-	-	108,072,845
Other Loans	83,695,038	7,147,255	5,073,355	-	-	95,915,648
Total Financial Liabilities	41,215,549,753	25,215,503,559	4,556,573,977	454,903,149	146,449,593	71,588,980,031
Net on-Balance Sheet Financial Position	9,232,016,982	886,952,606	88,756,730	(46,170,028)	50,354,668	10,211,910,957

3.2.4 Interest Rate Risk

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

	<u>Up to1 Month</u>	<u>1-3 Months</u>	<u>3-12 Months</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Non- Interest Bearing</u>	<u>Total</u>
Sep.30, 2011							
Assets							
Cash and Due From Central Bank	-	-	-	-	-	4,585,370,018	4,585,370,018
Due from Banks	7,844,801,005	3,630,562,808	-	-	-	119,647,442	11,595,011,255
Treasury Bills and Other Governmental Notes (Face Value)	1,336,767,043	1,381,600,000	6,440,600,000	-	-	-	9,158,967,043
Trading Financial Assets	193,104,171	11,804,927	-	279,039,900	95,451,200	20,332,871	599,733,069
Loans and Overdraft to Banks	71,908,761	52,128,715	40,462,033	31,878,175	-	-	196,377,684
Loans and Overdraft to Customers	21,593,905,000	8,347,181,614	5,852,899,643	3,374,520,063	380,380,411	-	39,548,886,731
Financial Derivatives (including IRS notional amount)	584,915,755	232,217,629	318,353,969	3,944,582,331	102,222,474	91,707,292	5,273,999,450
Financial Investments:-							
– Available for Sale	872,126,885	1,229,271,568	3,865,256,584	7,602,179,742	821,671,777	490,331,459	14,880,838,015
– Held to Maturity	39,981,094	215,000	27,512,500	1,358,331	-	-	69,066,925
Financial Investments in Subsidiary and Associated Co.	-	-	-	-	-	1,007,819,234	1,007,819,234
Total Financial Assets	32,537,509,714	14,884,982,261	16,545,084,729	15,233,558,542	1,399,725,862	6,315,208,317	86,916,069,425
Liabilities							
Due to Banks	1,246,521,292	-	-	-	-	268,546,344	1,515,067,636
Customers Deposits	30,412,602,064	7,813,030,816	5,952,539,615	14,804,488,291	531,692,050	10,355,571,066	69,869,923,902
Financial Derivatives (including IRS notional amount)	1,784,606,945	2,346,020,330	158,363,734	321,164,484	519,015,901	94,079,887	5,223,251,281
Other Loans	2,117,214	13,665,536	51,518,462	28,614,436	-	-	95,915,648
Total Financial Liabilities	33,445,847,515	10,172,716,682	6,162,421,811	15,154,267,211	1,050,707,951	10,718,197,298	76,704,158,468
Total Interest Re-pricing Gap	(908,337,801)	4,712,265,579	10,382,662,918	79,291,331	349,017,911	(4,402,988,981)	10,211,910,957

3.3 Liquidity Risk

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

3.3.1 Liquidity Risk Management Process

The Bank's liquidity management process, is carried out within the bank by the Assets and Liabilities Management Department and monitored independently by the Risk Management Department, which includes:

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

Monitoring and reporting 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 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 assets

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 by currency, provider, product and term.

3.3.3 Non-Derivative Cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities and the maturities assumption for non contractual products on the basis of there behavior studies, at balance sheet date.

<u>Sep.30, 2011</u>	<u>Up to 1 Month</u>	<u>One to Three Months</u>	<u>Three to One Year</u>	<u>One Year to Five Year</u>	<u>Over Five Years</u>	<u>Total</u>
Liabilities						
Due to Banks	1,515,067,636	-	-	-	-	1,515,067,636
Customers Deposits	12,822,611,843	9,902,181,208	16,064,143,179	29,895,371,672	1,185,616,000	69,869,923,902
Other loans	2,117,215	13,665,536	51,518,462	28,614,435	-	95,915,648
Financial Derivatives (Foreign Exchange Derivatives)	3,200,682	4,172,858	5,528,464	1,090,955	-	13,992,959
Total Liabilities (contractual & non contractual maturity dates)	14,342,997,376	9,920,019,602	16,121,190,105	29,925,077,063	1,185,616,000	71,494,900,146
Total Financial Assets (contractual&non contractual maturity dates)	18,436,591,392	9,591,593,689	18,487,677,271	24,358,469,276	10,834,852,065	81,709,183,693
<u>Dec.31, 2010</u>	<u>Up to 1 Month</u>	<u>One to Three Months</u>	<u>Three to One Year</u>	<u>One Year to Five Year</u>	<u>Over Five Years</u>	<u>Total</u>
Liabilities						
Due to Banks	837,570,759	49,341,650	435,367,500	-	-	1,322,279,909
Customers Deposits	17,816,915,547	9,151,941,806	8,604,334,536	19,192,725,470	8,713,966,264	63,479,883,624
Other Loans	12,114,271	19,773,440	69,568,298	27,657,416	-	129,113,425
Financial Derivatives (Foreign Currency Derivatives)	46,109,376	10,090,483	8,806,258	163,196	-	65,169,313
Total Liabilities (contractual & non contractual maturity dates)	18,712,709,954	9,231,147,380	9,118,076,592	19,220,546,082	8,713,966,264	64,996,446,271
Total Financial Assets (contractual&non contractual maturity dates)	11,299,649,630	5,289,093,053	16,798,436,292	28,143,692,012	13,446,756,522	74,977,627,508

3.3.4 Derivative Cash flows

Derivatives Settled on a Net Basis

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

- Foreign exchange derivatives: over-the-counter (OTC) currency options, currency futures, exchange traded currency options
 - Interest rate derivatives: interest rate swaps, forward rate agreements, OTC interest rate options, other interest rate contracts, exchange traded interest rate futures and exchange traded interest rate options.
- The table below analyses the Bank's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Sep.30, 2011</u>	<u>Up to</u> <u>1 Month</u>	<u>One to Three</u> <u>Months</u>	<u>Three to One</u> <u>Year</u>	<u>One Year to</u> <u>Five Year</u>	<u>Over Five</u> <u>Years</u>	<u>Total</u>
Liabilities						
Financial Derivatives						
- Foreign Exchange Derivatives	3,200,682	4,172,858	5,528,464	1,090,955	-	13,992,959
- Interest Rate Derivatives	222,311	13,782,258	77,549,71	-		91,554,283
Total	3,422,993	17,955,116	83,078,178	1,090,955	-	105,547,242

OFF Balance sheet items

<u>Sep.30, 2011</u>	<u>Up to 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Financial Guarantees , Bills and Other Facilities	8,752,693,173	2,852,005,644	402,622,491	12,007,321,308
Total	8,752,693,173	2,852,005,644	402,622,491	12,007,321,308

3.4 Fair Value of Financial Assets and

(a) Financial Instruments Measured at Fair Value Using a Valuation Technique

The total amount of the change in fair value estimated using a valuation technique that was recognized in profit or loss during September 30, 2011 EGP 39,797,889,651 and EGP 37,003,109,467 in December 31, 2010

(b) Financial Instruments Not Measured at Fair Value

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

	<u>Book value</u>		<u>Fair value</u>	
	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>
Financial Assets				
Due from Banks	11,595,011,255	6,769,607,397	-	-
Loans and Overdraft to Banks	-	-	179,935,995	125,833,038
Loans and Overdraft to Customers:				
- Individual	-	-	4,351,656,776	3,703,974,624
- Corporate	-	-	35,197,229,955	32,884,150,060
Financial Investments:				
Held to Maturity	-	-	69,066,925	289,151,745
Total Financial Assets	11,595,011,255	6,769,607,397	39,797,889,651	37,003,109,467
Financial Liabilities				
Due to Banks	1,515,067,636	1,322,279,909	-	-
Customers Deposits	69,869,923,902	63,479,883,624	-	-
Other Loans	95,915,648	129,113,425	-	-
Total Financial Liabilities	71,480,907,186	64,931,276,958	-	-

Due from banks

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

Loans and overdrafts to banks

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

Loans and overdrafts to customers

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

Financial Investments

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

Due to other banks and customers, other deposits and other borrowings

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

3.5 Capital Management

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

- To comply with the capital requirements in Egypt.
 - To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and stakeholders.
 - To maintain a strong capital base to support the development of its business.
- Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Central bank Of Egypt, for supervisory purposes. The required information is filed with the Authority on a quarterly basis.
- Central bank Of Egypt requires the following:
- Hold the minimum level of the issued and paid up capital of EGP500 Million
 - Maintain a ratio of total regulatory capital to the risk weighted asset or above the agreed minimum of 10%.

- Tier One:

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

- Tier Two:

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

When calculating the total dominator of capital adequacy, it shall not exceed the capital cushions (Qualifying subordinated loan capital) for share capital and loans not to increase (deposits) support for half of the share capital. Assets are risk weighted ranging from zero to 100% classified by the relation of the debtor to all each asset to reflect the credit risk associated with it, taking the cash collateral account. These are used for the treatment of off balance sheet items after adjustments to reflect the nature of contingency and the potential loss of those amounts The table below summarizes the composition of regulatory capital and the ratios of the Bank at the end of financial year and the bank has complied with all Capital adequacy requirements as following :

	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>
	<u>EGP</u>	<u>EGP</u>
		<u>Restated</u>
Tier 1 Capital		
Share Capital (net of the treasury shares)	5,934,562,990	5,901,443,600
General Reserves	1,234,274,960	1,144,648,634
Legal Reserve	231,344,896	231,344,896
Other Reserve	(102,301,602)	335,452,174
Total Qualifying Tier 1 Capital	7,297,881,244	7,612,889,303
Tier 2 Capital		
Redeemable Preference Shares (general risk provision)	646,952,567	607,483,178
Loans/Deposits		
<u>45% of the Increase in Fair Value than the Book Value</u>		
<u>for A.F.S Investments:-</u>	-	956,968
Total Qualifying Tier 2 Capital	646,952,567	608,440,147
Total Capital 1+2	7,944,833,811	8,221,329,450
Risk-Weighted Assets:		
In-Balance Sheet	46,820,170,341	43,626,939,621
Off-Balance Sheet	4,936,034,985	4,971,714,657
Total Risk-Weighted Assets	51,756,205,326	48,598,654,278
Capital Adequacy Ratio (%)	15.35%	16.92%

4 Critical Accounting Estimates and Judgments

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

(a) Impairment Losses on Loans and Overdraft

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

(b) Impairment of Available for-sale Equity Investments

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

(c) Fair Value of Derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (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.

(d) Held-to-Maturity Investments

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

5 Segment Analysis

(a) By Business Segment

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

- 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 – other Bank operations comprise fund management, institutional finance and providing computer services, none of which constitutes a separately reportable segment.

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

<u>Sep.30, 2011</u>	<u>Corporate</u>	<u>SME's</u>	<u>Investment</u>	<u>Retail</u>	<u>Total</u>
	<u>Banking</u>		<u>Banking</u>	<u>Banking</u>	
Revenue According to Business Segment	1,608,893,817	69,439,402	(19,964,599)	1,252,470,335	2,910,838,955
Expenses According to Business Segment	(650,593,037)	(51,359,110)	(18,387,049)	(688,297,603)	(1,408,636,799)
Activities Results by Sector	958,300,780	18,080,292	(38,351,648)	564,172,732	1,502,202,156
Profit Before Tax	958,300,780	18,080,292	(38,351,648)	564,172,732	1,502,202,156
Tax	(196,251,480)	(3,702,683)	-	(115,537,378)	(315,491,541)
Profit for the Year	762,049,300	14,377,609	(38,351,648)	448,635,354	1,186,710,615
Assets and Liabilities According to Business Segment	70,079,702,567	3,547,526,589	1,590,478,383	6,408,594,736	81,626,302,275
Total Assets	70,079,702,567	3,547,526,589	1,590,478,383	6,408,594,736	81,626,302,275

<u>Dec.31, 2010</u>	<u>Corporate</u>	<u>SME's</u>	<u>Investment</u>	<u>Retail</u>	<u>Total</u>
	<u>Banking</u>		<u>Banking</u>	<u>Banking</u>	
Revenue According to Business Segment	2,391,904,590	64,900,676	(14,712,804)	1,481,916,949	3,924,009,412
Expenses According to Business Segment	(532,445,813)	(64,483,675)	(20,267,205)	(794,068,259)	(1,411,264,952)
Activities Results by Sector	1,859,458,778	417,001	(34,980,009)	687,848,690	2,512,744,460
Profit Before Tax	1,859,458,778	417,001	(34,980,009)	687,848,690	2,512,744,460
Tax	(282,334,420)	(63,316)	-	(104,440,799)	(386,838,536)
Profit for the Year	1,577,124,357	353,685	(34,980,009)	583,407,891	2,125,905,924
Assets and Liabilities According to Business Segment	67,425,351,842	1,014,671,790	1,613,413,684	5,039,444,129	75,092,881,445
Total assets	67,425,351,842	1,014,671,790	1,613,413,684	5,039,444,129	75,092,881,445

(b) By Geographical Segment

	<u>Egypt</u>			
	<u>Cairo</u>	<u>Alex. Delta & Sinai</u>	<u>Upper Egypt</u>	<u>Total</u>
<u>Sep.30, 2011</u>				
Revenue According to Business Segment	2,186,014,855	628,185,344	96,638,756	2,910,838,955
Expenses According to Business Segment	(985,070,818)	(338,407,326)	(85,158,655)	(1,408,636,799)
Activities Results by Sector	1,200,944,037	289,778,018	11,480,101	1,502,202,156
Unallocated Costs				
Profit Before Tax	1,200,944,037	289,778,018	11,480,101	1,502,202,156
Tax	(252,222,228)	(60,858,297)	(2,411,016)	(315,491,541)
Profit for the Year	948,721,809	228,919,721	9,069,085	1,186,710,615
Geographical Segments Assets	75,027,756,790	6,443,492,835	155,052,650	81,626,302,275
Total Assets	75,027,756,790	6,443,492,835	155,052,650	81,626,302,275

	<u>Egypt</u>			
	<u>Cairo</u>	<u>Alex. Delta & Sinai</u>	<u>Upper Egypt</u>	<u>Total</u>
<u>Dec.31, 2010</u>				
Revenue According to Business Segment	3,030,542,646	775,199,795	118,266,971	3,924,009,412
Expenses According to Business Segment	(997,889,633)	(329,539,165)	(83,836,154)	(1,411,264,952)
Activities Results by Sector	2,032,653,013	445,660,630	34,430,817	2,512,744,460
Profit Before Tax	2,032,653,013	445,660,630	34,430,817	2,512,744,460
Tax	(312,928,166)	(68,609,725)	(5,300,645)	(386,838,536)
Profit for the Year	1,719,724,847	377,050,905	29,130,172	2,125,905,924
Geographical Segments Assets	58,494,319,849	15,582,459,610	1,016,101,986	75,092,881,445
Total Assets	58,494,319,849	15,582,459,610	1,016,101,986	75,092,881,445

(6) Net Interest Income

	<u>Last 3 Months</u> <u>Sep.30, 2011</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2011</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>
- Interest Received from Loans and similar Items:-				
- Banks	38,500,804	102,590,982	37,047,754	83,663,166
- Clients	754,445,886	2,123,523,354	583,512,418	1,645,986,132
	792,946,690	2,226,114,336	620,560,172	1,729,649,298
- Treasury Bills and Bonds	540,778,954	1,604,543,755	463,770,191	1,446,726,559
- Reverse Repos	16,878,617	16,878,617	7,587,626	16,639,271
- Financial Investment In Held to Maturity and Available for Sale Debt				
- Instruments	40,415,279	126,217,167	42,750,811	113,490,905
- Other	338,930	242,674	823	(12,656)
Total	1,391,358,470	3,973,996,549	1,134,669,623	3,306,493,377
- Interest Paid on Deposits and Similar Items:-				
- Banks	39,045,449	135,986,386	16,036,854	53,033,274
- Clients	658,666,333	1,882,904,097	566,999,195	1,610,393,822
	697,711,782	2,018,890,483	583,036,049	1,663,427,096
- Financial Instruments Purchased with a Commitment to Re-Sale (Repos)	6,327,620	7,414,985	-	-
- Other	445,791	2,509,985	1,015,245	1,564,293
Total	704,485,193	2,028,815,453	584,051,294	1,664,991,389
Net	686,873,277	1,945,181,096	550,618,329	1,641,501,988

(7) Net Income From Fees & Commissions

	<u>Last 3 Months</u> <u>Sep.30, 2011</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2011</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>
Fees & Commissions Income :				
Fees & Commissions Related to Credit	129,985,132	391,986,435	112,512,837	372,440,048
Custody Fees	6,157,630	31,377,422	8,120,120	32,090,844
Other Fees	67,170,040	190,910,434	75,579,152	205,423,274
Total	203,312,802	614,274,291	196,212,109	609,954,166
Other Fees Paid	(23,342,723)	(64,114,837)	(23,208,938)	(58,278,187)
Total	(23,342,723)	(64,114,837)	(23,208,938)	(58,278,187)
Net Fees & Commissions	179,970,079	550,159,454	173,003,171	551,675,979

(8) Dividends

	<u>Last 3 Months</u> <u>Sep.30, 2011</u>	<u>Last 9 Months</u> <u>Sep.30, 2011</u>	<u>Last 3 Months</u> <u>Sep.30, 2010</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u>
Trading Securities	104,202	542,195	1,330,647	1,330,647
Available for Sale Securities	879,304	44,200,491	315,300	90,765,049
Subsidiaries and Associated	-	13,272,726	7,985,852	32,150,568
Total	983,506	58,015,412	9,631,799	124,246,264

(9) Net Trading Income

	<u>Last 3 Months</u> <u>Sep.30, 2011</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2011</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>
- Profit From Foreign Exchange	50,336,293	198,751,648	63,232,115	254,534,348
- Profit From Revaluations of Trading Assets and Liabilities in Foreign Currencies	(756,224)	5,362,010	1,592,925	5,891,900
- (Losses) From Forward Foreign Exchange Deals Revaluation	8,923,566	1,400,218	(1,869,559)	(7,561,812)
- (Losses) From Interest Rate Swaps Revaluation	(41,632,133)	(55,709,034)	(21,667,328)	(68,207,435)
- Profit (Losses) From Swap Deals Revaluation	2,499,386	3,059,848	(5,701,227)	(13,742,720)
- Trading Debt Instruments	7,388,194	45,819,826	34,808,748	61,127,104
- Trading Equity Instruments	(1,352,741)	(1,474,951)	14,273,523	20,151,849
Total	25,406,341	197,209,565	84,669,197	252,193,234

(10) Administrative Expenses	<u>Last 3 Months</u> <u>Sep.30, 2011</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2011</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>
Staff Costs				
- Wages & Salaries	146,951,843	440,759,541	123,427,415	366,957,009
- Social Insurance	5,617,031	19,109,609	3,414,406	14,953,463
- Other Benefits	7,950,223	28,665,471	5,952,205	17,662,856
- Other Administrative Expenses	153,038,105	480,287,333	164,294,656	477,992,920
Total	313,557,203	968,821,954	297,088,681	877,566,249
(11) Other Operating (Expenses) Income	<u>Last 3 Months</u> <u>Sep.30, 2011</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2011</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>
(Losses) Profits From Assets & Liabilities Revaluation Except				
- Trading	4,596,632	(52,246,773)	(4,465,685)	(56,484,121)
- Profits From Selling Equipments And Fixed Assets	2,512	2,664,190	24,781	2,073,253
- Return (Losses) Of Other Provision	37,443,602	38,503,178	41,207,182	92,094,323
- Others	(12,254,821)	(34,643,157)	(5,697,489)	(34,502,294)
Total	29,787,925	(45,722,562)	31,068,789	3,181,161
(12) Return (Losses) Of Impairment From Loans	<u>Last 3 Months</u> <u>Sep.30, 2011</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2011</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>
Loans And Overdrafts For Customers	(110,963,329)	(313,855,735)	(30,885,763)	(29,026,496)
Held to Maturity Financial Investments	-	1,627,620	110,905	324,149
Total	(110,963,329)	(312,228,115)	(30,774,858)	(28,702,347)
(13) Adjustments to Calculate the Effective Tax Rate	<u>Last 3 Months</u> <u>Sep.30, 2011</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2011</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>
- Profit Before Tax	495,571,174	1,502,202,156	534,316,320	1,841,071,865
- Tax Rate	From 20% to 25%	From 20% to 25%	20%	20%
Income Tax Based On Accounting Profit	173,724,342	375,050,539	106,863,264	368,214,373
Add / (Deduct)				
- Non-Deductible Expenses	9,188,067	9,865,996	5,865,520	6,000,329
- Tax Exemptions	(72,996,798)	(99,821,065)	(22,546,345)	(74,692,467)
- Effect Of Provisions	8,338,778	30,396,071	4,220,739	491,789
Income Tax	118,254,389	315,491,541	94,403,178	300,014,024
Effective Tax Rate	23.86%	21.00%	17.67%	16.30%
(14) Earning Per Share	<u>Last 3 Months</u> <u>Sep.30, 2011</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2011</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>
- Net Profit For The Year Available for Distribution	377,316,786	1,110,544,166	425,372,033	1,427,097,680
- Board Member's Bonus	(5,659,752)	(16,658,162)	(6,380,580)	(21,406,465)
- Staff Profit Sharing	(37,731,679)	(111,054,417)	(42,537,203)	(142,709,768)
Shareholders' Share In Profits	333,925,355	982,831,587	376,454,249	1,262,981,447
- Number Of Shares	593,456,299	593,456,299	593,456,299	593,456,299
Basic Earning Per Share	0.56	1.66	0.63	2.13
- By Issuance Of ESOP Earning Per Share Will Be:- Number Of Shares Including ESOP Shares	606,488,393	606,488,393	606,488,393	606,488,393
Diluted Earning Per Share	0.55	1.62	0.62	2.08

(15) <u>Cash And Due From Central Bank</u>	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>
	<u>EGP</u>	<u>EGP</u>
- Cash	2,162,765,408	1,399,250,089
- <u>Obligatory Reserve Balance With CBE:-</u>		
- Current Accounts	2,422,604,610	4,275,991,702
<u>Total Cash & Due From Central Bank</u>	<u>4,585,370,018</u>	<u>5,675,241,791</u>
Balances without Interest	<u>4,585,370,018</u>	<u>5,675,241,791</u>
(16) <u>Due From Banks</u>	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>
	<u>EGP</u>	<u>EGP</u>
- Current Accounts	202,182,622	374,811,766
- Deposits	11,392,828,633	6,394,795,631
<u>Total Due From Banks</u>	<u>11,595,011,255</u>	<u>6,769,607,397</u>
- Central Banks (Except Obligatory Reserve)	3,012,303,603	2,539,019,714
- Local Banks	665,164,553	540,547,702
- Foreign Banks	7,917,543,099	3,690,039,981
<u>Total Due From Banks</u>	<u>11,595,011,255</u>	<u>6,769,607,397</u>
- Non Bearing Interest Balances	119,647,442	289,402,609
- Fixed Bearing Interest Balances	11,475,363,813	6,480,204,788
<u>Total Due From Banks</u>	<u>11,595,011,255</u>	<u>6,769,607,397</u>
- Current Balances	11,595,011,255	6,769,607,397
<u>Total Due From Banks</u>	<u>11,595,011,255</u>	<u>6,769,607,397</u>
(17) <u>Treasury Bills And Other Governmental Notes</u>	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>
	<u>EGP</u>	<u>EGP</u>
- 91 Days Maturity	1,705,650,000	2,126,041,239
- 182 Days Maturity	2,090,750,000	3,830,900,000
- 364 Days Maturity	4,349,850,000	3,659,550,000
	<u>8,146,250,000</u>	<u>9,616,491,239</u>
- Unearned Income	(511,003,257)	(416,346,434)
<u>Total Treasury Bills</u>	<u>7,635,246,743</u>	<u>9,200,144,805</u>
- Reverse Repose	1,012,717,043	-
- Repos	-	(379,141,239)
<u>Total Treasury Bills And Other Governmental Notes</u>	<u>8,647,963,786</u>	<u>8,821,003,566</u>
(18) <u>Financial Assets For Trading</u>	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>
	<u>EGP</u>	<u>EGP</u>
- <u>Debt Instruments:-</u>		
- Governmental Bonds	374,491,100	861,157,325
- Other Debt Instruments	19,884,928	19,067,562
<u>Total Debt Instruments</u>	<u>394,376,028</u>	<u>880,224,887</u>
- <u>Equity Instruments:-</u>		
- Foreign Company Shares	20,332,871	74,031,984
- Mutual Fund	185,024,170	467,781,970
<u>Total Equity Instruments</u>	<u>205,357,041</u>	<u>541,813,953</u>
Total Financial Assets For Trading	<u>599,733,069</u>	<u>1,422,038,841</u>

(19) Loans And Overdrafts For Banks

	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>
	<u>EGP</u>	<u>EGP</u>
- Time and Term Loans	196,377,684	128,527,576
<u>Total Loans and Overdrafts For Banks</u>	<u>196,377,684</u>	<u>128,527,576</u>
- Provision For Doubtful Debts	(16,441,689)	(2,694,538)
<u>Net Loans And Overdrafts For Banks</u>	<u>179,935,995</u>	<u>125,833,038</u>
Distributed To:-		
- Non-Current Balances	179,935,995	125,833,038
<u>Net Loans And Overdrafts For Banks</u>	<u>179,935,995</u>	<u>125,833,038</u>

	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>
	<u>EGP</u>	<u>EGP</u>
<u>Provision For Doubtful Debts For Banks</u>		
- Balance At Beginning Of The Period	2,694,538	46,351,691
- Formed During The Period	13,531,869	(12,138,367)
- Write Off During The Period	-	(31,649,180)
- Recoveries From Written Off Debts	-	-
- Foreign Currency Revaluation Diff.	215,282	130,395
Balance At The End Of The Period	<u>16,441,689</u>	<u>2,694,538</u>

(20) Loans And Overdrafts For Customers

	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>
	<u>EGP</u>	<u>EGP</u>
<u>Individual</u>		
- Overdrafts	861,358,086	695,995,810
- Credit Cards	558,749,469	530,877,533
- Personal Loans	2,449,026,902	1,960,327,857
- Real Estate Loans	423,138,029	432,348,843
- Other Loans	59,384,290	84,424,581
<u>Total (1)</u>	<u>4,351,656,776</u>	<u>3,703,974,624</u>
<u>Corporate</u>		
- Overdrafts	4,135,207,600	3,331,087,693
- Direct Loans	23,695,298,005	21,584,681,502
- Syndicated Loans	7,273,283,574	7,758,798,180
- Other Loans	93,440,776	209,582,685
<u>Total (2)</u>	<u>35,197,229,955</u>	<u>32,884,150,060</u>
<u>Loans And Overdrafts For Customers (1+2)</u>	<u>39,548,886,731</u>	<u>36,588,124,684</u>
- Unearned Bills Discount	(42,915,925)	(59,528,351)
- Impairment Provision	(1,427,110,277)	(1,255,187,888)
- Interest In Suspense	(297,815,822)	(224,700,550)
<u>Net Loans And Overdrafts For Customers</u>	<u>37,781,044,706</u>	<u>35,048,707,895</u>
Distributed To:-		
Current Balances	15,362,320,495	13,178,840,189
Non-Current Balances	22,418,724,211	21,869,867,706
<u>Net Loans And Overdrafts For Customers</u>	<u>37,781,044,706</u>	<u>35,048,707,895</u>

(20) Loans And Overdrafts For Customers (Cont.)**- Analysis Of The Impairment Provision For Customers****Sep.30, 2011****Individual**

	<u>Overdrafts</u>	<u>Credit Cards</u>	<u>Personal Loans</u>	<u>Real Estate Loans</u>	<u>Other Loans</u>	<u>Total</u>
- Balance At Beginning Of The Period	6,948,242	42,119,828	71,459,209	8,888,164	13,400,430	142,815,873
- Formed During The Period	12,097,295	5,755,502	6,746,411	1,329,420	(11,215,378)	14,713,250
- Write Off During The Period	-	(6,440,495)	(2,273,609)	-	-	(8,714,104)
- Recoveries From Written Off Debts	-	2,585,239	727,000	-	-	3,312,239
Balance At The End Of The Period	19,045,537	44,020,074	76,659,011	10,217,584	2,185,052	152,127,258

Corporate

	<u>Overdrafts</u>	<u>Direct Loans</u>	<u>Syndicated Loans</u>	<u>Other Loans</u>	<u>Discounted Bills</u>	<u>Total</u>
- Balance At Beginning Of The Period	149,208,018	759,961,827	200,640,880	2,561,291	-	1,112,372,016
- Formed During The Period	25,091,876	161,184,602	98,890,129	444,009	-	285,610,616
- Write Off During The Period	-	(144,624,795)	-	-	-	(144,624,795)
- Recoveries From Written Off Debts	-	8,540,622	-	-	-	8,540,622
- Foreign Currency Revaluation Diff.	985,827	7,736,542	4,362,192	-	-	13,084,561
Balance At The End Of The Period	175,285,721	792,798,797	303,893,201	3,005,300	-	1,274,983,019

Dec.31, 2010**Individual**

	<u>Overdrafts</u>	<u>Credit Cards</u>	<u>Personal Loans</u>	<u>Real Estate Loans</u>	<u>Other Loans</u>	<u>Total</u>
Balance At Beginning Of The Year	6,217,574	63,472,214	123,755,953	6,607,506	-	200,053,247
Formed During The Year	730,668	(2,677,769)	(51,790,357)	2,280,658	13,400,430	(38,056,370)
Write Off During The Year	-	(21,890,799)	(762,282)	-	-	(22,653,081)
Recoveries From Written Off Debts	-	3,216,182	255,895	-	-	3,472,077
Balance At The End Of The Year	6,948,242	42,119,828	71,459,209	8,888,164	13,400,430	142,815,873

Corporate

	<u>Overdrafts</u>	<u>Direct Loans</u>	<u>Syndicated Loans</u>	<u>Other Loans</u>	<u>Discounted Bills</u>	<u>Total</u>
Balance At Beginning Of The Year	143,233,239	731,698,517	180,395,034	2,462,719	-	1,057,789,508
Formed During The Year	4,274,439	41,348,827	11,256,656	98,572	-	56,978,494
Write Off During The Year	-	(51,552,415)	-	-	-	(51,552,415)
Recoveries From Written Off Debts	-	25,694,981	-	-	-	25,694,981
Foreign Currency Revaluation Diff.	1,700,340	12,771,917	8,989,190	-	-	23,461,447
Balance At The End Of The Year	149,208,018	759,961,827	200,640,880	2,561,291	-	1,112,372,016

(21) Financial Derivatives

Derivatives

The Bank Uses the Following Financial Derivatives for Non Hedging Purposes.

- Forward contracts represents commitments of buying foreign and local currencies including unexecuted spot transactions. Future contracts for foreign currencies and/or interest rates represents contractual commitments to receive or pay net amount on the basis of changes in foreign exchange rates or interest rates, and/or buying or selling foreign currencies or financial instruments in a future date with a fixed contractual price under active financial market.
- Credit risk is considered low, and future interest rate contracts represents future exchange rate contracts negotiated for case by case, these contracts requires financial settlements of any differences in contractual interest rates and prevailing market interest rates on future dates based on contractual amount (nominal value) pre agreed upon.
- Foreign exchange and/or interest rate swap represents commitments to exchange cash flows, resulting from these contracts exchange of currencies or interest (fixed rate versus variable rate for example) or both (meaning foreign exchange and interest rate contracts)/ contractual amounts are not exchanged except for some foreign exchange contracts
- Credit risk is represented in the expected cost of foreign exchange contracts that takes place if other parties default to fulfill their liabilities.
This risk is monitored continuously through comparisons of fair value and contractual amount, and to control continuously through comparisons of fair value and contractual amount, and to control the outstanding credit risk, the bank evaluates other parties using the same methods as in borrowing activities.
- Options contracts in foreign currencies and/or interest rates represents contractual agreements for the buyer (issuer) to seller (holders) as a right not an obligations whether to buy (buy option) or to sell (sell option) at a certain day or within certain period for a certain amount in foreign currency or interest rate. Options contracts are either traded in the market or negotiated between the bank and one of its client (Off balance sheet). The bank exposed to credit risk for purchased options contracts only and in the line of its book cost which represent its fair value.
- The contractual value for some derivatives options considered a base to compare the realized financial instruments on the balance sheet, but it didn't provide indicator on the projected cash flows of the fair value for current instruments, those amounts doesn't reflects credit risk or interest rate risk.
- Derivatives in the banks benefit represent (assets) conversely it represents (liabilities) as a result of the changes in foreign exchange prices or interest rates related to these derivatives. Contractual / expected total amounts of financial derivatives can fluctuate from time to time and also the range through which the financial derivatives can be in benefit of the bank or conversely against its benefit and the total fair value of the financial derivatives in assets and liabilities. hereunder are the fair values of the booked financial derivatives.

A- For Trading Derivatives

	Notional Amount	Sep.30, 2011		Notional Amount	Dec.31, 2010	
		Assets	Liabilities		Assets	Liabilities
- Foreign Derivatives:-						
- Forward Foreign Exchange Contracts	1,396,944,876	12,438,600	6,084,385	3,072,183,403	10,189,895	17,784,952
- Currency swap	1,588,724,328	54,341,536	7,574,991	5,252,345,990	95,810,458	46,796,806
- Options	161,704,473	333,583	333,583	129,589,977	587,555	587,555
Total Derivatives (1)		67,113,720	13,992,959		106,587,908	65,169,313
- Interest Rate Derivatives:-						
- Interest Rate Swaps	4,632,003,300	18,844,506	90,954,856	2,116,390,500	18,033,720	32,936,778
Total Derivatives (2)		18,844,506	90,954,856		18,033,720	32,936,778
- Commodity	221,100,773	2,525,603	2,525,603	37,459,113	7,229,086	7,229,086
Total Derivatives (3)		2,525,603	2,525,603		7,229,086	7,229,086
Total Assets (Liability) For Trading Derivatives (1+2+3)		88,483,829	107,473,418		131,850,714	105,335,177

B- For Hedging Derivatives

	Notional Amount	Sep.30, 2011		Notional Amount	Dec.31, 2010	
		Assets	Liabilities		Assets	Liabilities
Interest Rate Swaps	483,175,136	70,337,184	599,427	1,159,112,554	7,413,234	8,215,863
Total Assets (Liability) For Hedging Derivatives (1+2+3+4)		70,337,184	599,427		7,413,234	8,215,863
Total Financial Derivatives (1+2+3+4)		158,821,014	108,072,845		139,263,948	113,551,040

(22) Financial Investment

	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>
	<u>EGP</u>	<u>EGP</u>
<u>- Available For Sale Financial Investment:-</u>		
- Debt Instruments Listed - Fair Value	13,999,342,517	12,182,202,264
- Equity Instruments Listed - Fair Value	79,269,487	88,634,556
- Unlisted Instruments	802,226,011	1,334,510,210
<u>Total Available For Sale Financial Investment</u>	<u>14,880,838,015</u>	<u>13,605,347,030</u>
<u>- Held To Maturity Financial Investment:-</u>		
- Listed Debt Instruments	41,554,425	54,083,377
- Unlisted Instruments	27,512,500	235,068,368
<u>Total Held To Maturity Financial Investment</u>	<u>69,066,925</u>	<u>289,151,745</u>
<u>Total Financial Investment</u>	<u>14,949,904,940</u>	<u>13,894,498,775</u>
- Listed Balances	12,772,935,163	11,983,836,014
- Unlisted Balances	2,176,969,777	1,910,662,761
	<u>14,949,904,940</u>	<u>13,894,498,775</u>
- Fixed Interest Debt Instruments	12,439,147,274	11,505,888,130
- Variable Interest Debt Instruments	1,961,481,359	1,849,898,303
	<u>14,400,628,633</u>	<u>13,355,786,434</u>

	<u>Available for Sale Financial Investment</u>	<u>Held to Maturity Financial Investment</u>	<u>Total</u>
- Opening Balance 1/1/2010	7,420,529,606	579,926,673	8,000,456,279
- Addition	9,474,625,202	5,012,500	9,479,637,702
- Deduction (Selling - Recovery)	(3,466,577,997)	(311,446,590)	(3,778,024,587)
- Differences In Revaluation Of The Cash Assets In Foreign Currencies	68,054,023	15,659,162	83,713,185
- Profit (Losses) From Fair Value Difference	108,716,196	-	108,716,196
<u>Balance At The End Of Year</u>	<u>13,605,347,030</u>	<u>289,151,745</u>	<u>13,894,498,775</u>
- Opening Balance 1/1/2011	13,605,347,030	289,151,745	13,894,498,775
- Addition	3,343,947,880	5,000,000	3,348,947,880
- Deduction (Selling - Recovery)	(1,757,342,131)	(231,828,807)	(1,989,170,938)
- Differences In Revaluation Of The Cash Assets In Foreign Currencies	40,393,512	5,116,368	45,509,879
- Profit (Losses) From Fair Value Difference	(350,254,044)	-	(350,254,044)
- (Deduct) Return - Impairment Losses	(1,254,232)	1,627,620	373,388
<u>Balance At The End Of Period</u>	<u>14,880,838,015</u>	<u>69,066,926</u>	<u>14,949,904,941</u>

	<u>Last 3 Months Sep.30, 2011 EGP</u>	<u>Last 9 Months Sep.30, 2011 EGP</u>	<u>Last 3 Months Sep.30, 2010 EGP</u>	<u>Last 9 Months Sep.30, 2010 EGP</u>
<u>- Profit (Losses) From Financial Investment</u>				
Profit From Selling Available For Sale Financial Instruments	783,745	37,395,134	10,259,925	142,325,523
(Losses) From Impairment Of Equity Instruments Available For Sale	-	(1,254,232)	-	(9,844,327)
Return Of Impairment From Available For Sale Debt Instruments	(3,713,167)	40,393,512	2,929,409	42,065,147
Profits (Losses) From Selling Investments In Subsidiaries And Associates.	-	1,873,813	-	(96)
Profit (Losses) Of Selling Held to Maturity Debt Investments	-	1,034	(760)	(4,413)
	<u>(2,929,422)</u>	<u>78,409,261</u>	<u>13,188,574</u>	<u>174,541,834</u>

(23) Financial Investments in Subsidiary and Associated Companies

		EGP					
Sep.30, 2011		Company's	Company's	Company's	Company's Net	Share	
Company's	Country	Company's Assets	Liabilities (without equity)	Revenues	Profit	Amount	percentage %
(A) Subsidiaries Companies:-							
- CI Capital Holding	Egypt	497,019,605	150,666,890	67,513,648	(34,094,311)	886,086,000	99.98
(B) Associated Companies:-							
- Commercial International Life Insurance Co.	Egypt	1,568,467,287	1,506,430,267	500,543,221	2,242,909	44,520,250	45
- Corplease Co.	Egypt	1,336,052,826	1,192,254,380	143,594,492	3,184,298	54,000,000	40
- Haykala for Investment	Egypt	3,445,276	219,318	120,000	41,776	600,000	40
- Egypt Factors	Egypt	177,047,551	159,291,737	12,876,934	(3,294,307)	18,612,984	39
- International Co. for Security and Services (Falcon)	Egypt	59,738,161	41,400,913	45,385,109	(446,465)	4,000,000	40
Total Financial Investments in Subsidiary and Associated Companies		3,641,770,706	3,050,263,505	770,033,404	(32,366,100)	1,007,819,234	

		EGP					
Dec.31, 2010		Company's	Company's	Company's	Company's Net	Share	
Company's	Country	Company's Assets	Liabilities (without equity)	Revenues	Profit	Amount	percentage %
(A) Subsidiaries Companies:-							
- CI Capital Holding	Egypt	833,968,315	448,454,478	152,335,478	(199,263,438)	886,086,000	99.98
(B) Associated Companies:-							
- Commercial International Life Insurance co.	Egypt	1,597,541,347	1,539,900,007	223,889,211	3,147,882	44,520,250	45
- Corplease Co.	Egypt	1,162,538,842	1,045,472,389	186,387,640	8,460,701	42,000,000	40
- Haykala for Investment	Egypt	3,388,431	246,623	1,590,695	328,789	600,000	40
- Egypt Factors	Egypt	189,004,746	164,773,230	14,896,877	(3,036,572)	18,111,288	39
- International. Co. for Appraisal and Collection.	Egypt	6,986,318	662,370	8,176,394	3,553,173	1,000,000	40
- International Co. for Security and Services (Falcon)	Egypt	46,349,141	20,501,661	55,280,073	11,620,683	4,000,000	40
Total Financial Investments in Subsidiary and Associated Companies		3,839,777,140	3,220,010,758	642,556,368	(175,188,783)	996,317,538	

(24) Real estate investments

Assets*	Sep.30, 2011	Dec.31, 2010
	EGP Book value	EGP Book value
- Building number 17 tiba st. Eldokki next to shooting club	7,600,000	7,600,000
- Commercial unit number f 35 in arkadia mall (14 elbahr st. Boulak kornish el nile)	-	361,200
- Appartment in the first floor 230 meters elmadina tower elgomhoria st. Port said	750,000	750,000
- 338.32 meters on a land and building the property number 16 elmakrizi st. Heliopolis	1,000,000	1,000,000
- Villa number 113 royal hills 6th of october	2,000,000	2,000,000
- A 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
- Land number 16 mit khamis elmansoura (3 carats, 15 share)which equals 645 meters	1,935,000	1,935,000
- Agricultral area 47 feddans 11 carats markaz shebin eldakahlia	10,242,499	10,242,499
Total	28,334,464	28,695,664

(25) Debit Balances and Other Assets

	Sep.30, 2011	Dec.31, 2010
	EGP	EGP
- Accrued Revenues	772,695,634	801,607,656
- Prepaid Expenses	81,414,207	68,889,983
- Advances for Purchase of Fixed Assets	90,656,835	53,943,062
- Accounts Receivable and Other Assets **	427,493,338	446,874,086
- Assets Acquired as Settlement of Debts	6,280,933	4,630,353
Total Debit Balances and Other Assets	1,378,540,947	1,375,945,140

* This Include The Value Of Premises That Was Not Recorded Under The Bank's Name By EGP 20,734,464 Which Were Acquired Against Settlement Of The Debts Mentioned Above, In The Same Time The Legal Procedures Are Under Process To Register Or Sell These Assets Within The period required by law.

** Include EGP 6.331.048 as Assets Held For Sale.

(26) Net Fixed Assets**Sep.30, 2011**

	Land	Premises	IT	Vehicles	Fitting -Out	Machines & Equipment	Furniture & Furnishing	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Opening Balance (3)	60,575,261	404,470,794	698,325,384	37,663,015	249,926,926	241,193,182	104,768,779	1,796,923,341
Additions (Deductions) During The Year	-	6,628,400	18,218,100	7,225,292	13,183,837	10,508,183	532,197	56,296,009
Closing Balance (1)	60,575,261	411,099,194	716,543,484	44,888,307	263,110,763	251,701,365	105,300,976	1,853,219,350
Accu.Depreciation at Beginning of The Year (4)	-	141,165,205	491,048,946	21,091,258	207,345,143	158,651,862	61,549,769	1,080,852,183
Current Year Depreciation	-	15,672,356	66,375,398	3,439,007	26,536,278	22,611,879	8,401,544	143,036,462
Accu.Depreciation at End of The Year (2)	-	156,837,561	557,424,344	24,530,265	233,881,421	181,263,741	69,951,313	1,223,888,645
End of Year Net Assets (1-2)	60,575,261	254,261,633	159,119,140	20,358,042	29,229,342	70,437,624	35,349,663	629,330,705
Beginning of Year Net Assets (3-4)	60,575,261	263,305,589	207,276,438	16,571,757	42,581,783	82,541,320	43,219,010	716,071,158

Depreciation Rates**%5****%20****%20****%33.3****33.3%****20%**

- Net Fixed Assets Value On The Balance Sheet Date Includes EGP 47,111,589 Non Registered Assets While Their Registrations Procedures Are In Process.

(27) Due To Banks

	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>
	<u>EGP</u>	<u>EGP</u>
- Current Accounts	382,067,636	628,594,359
- Deposits	1,133,000,000	693,685,550
	<u>1,515,067,636</u>	<u>1,322,279,909</u>
- Central Banks	51,392,880	67,074,769
- Local Banks	1,183,376,903	110,476,364
- Foreign Banks	280,297,853	1,144,728,776
	<u>1,515,067,636</u>	<u>1,322,279,909</u>
- Non Bearing Interest Balances	268,546,344	528,398,567
- Fixed Bearing Interest Balances	1,246,521,292	793,881,342
	<u>1,515,067,636</u>	<u>1,322,279,909</u>
- Current Balances	382,067,636	628,594,359
- Non-Current Balances	1,133,000,000	693,685,550
	<u>1,515,067,636</u>	<u>1,322,279,909</u>

(28) Customers Deposits

	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>
	<u>EGP</u>	<u>EGP</u>
- Demand Deposits	17,240,476,547	16,778,775,254
- Time Deposits	23,842,260,046	21,893,614,059
- Certificates of Deposit	17,911,735,316	15,205,693,671
- Saving Deposits	9,730,253,803	8,321,204,407
- Other Deposits	1,145,198,190	1,280,596,233
	<u>69,869,923,902</u>	<u>63,479,883,624</u>
- Corporate Deposits	36,719,842,279	34,159,843,374
- Individual Deposit:	33,150,081,623	29,320,040,250
	<u>69,869,923,902</u>	<u>63,479,883,624</u>
- Non Bearing Interest Balances	10,355,571,066	9,935,629,948
- Fixed Bearing Interest Balance:	59,514,352,836	53,544,253,676
	<u>69,869,923,902</u>	<u>63,479,883,624</u>
- Current Balances	49,817,773,250	47,968,184,622
- Non-Current Balances	20,052,150,652	15,511,699,002
	<u>69,869,923,902</u>	<u>63,479,883,624</u>

(29) Long Term Loans

	<u>Rate</u>	<u>Maturity Date</u>	<u>Maturing Through</u>	<u>Balance as of</u>	<u>Balance as of</u>
	<u>%</u>		<u>Next Year</u>	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>
			<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
- F.I.S.C.	3.5 - 5.5 depends on maturity date	3-5 years	10,665,283	19,030,362	34,363,003
- KFW Private Sector Industry (Phase II)	9 - 10.5	2012	4,483,361	5,073,355	8,966,582
- UNIDO	1	2011	-	-	60,014
- Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	56,755,000	64,435,000	78,352,222
- Social Fund	3 months T/D or 9% which more		229,676	229,676	417,000
- Spanish Microfinance Loan	0.5	2012	3,573,626	7,147,255	6,954,604
Total			<u>75,706,945</u>	<u>95,915,648</u>	<u>129,113,425</u>

(30) Credit Balances and Other Liabilities

	<u>Sep.30, 2011</u>	<u>Dec.31, 2010</u>
	<u>EGP</u>	<u>EGP</u>
- Accrued Interest Payable	248,363,482	208,214,717
- Accrued Expenses	137,386,911	95,867,298
- Accounts Payable	331,186,601	376,604,579
- Income Tax	320,326,989	426,695,912
- Other Credit Balances	24,162,150	16,501,392
Total	<u>1,061,426,133</u>	<u>1,123,883,898</u>

(31) Other Provisions**Sep.30, 2011****EGP**

	<u>Opening Balance</u>	<u>Formed During the Period</u>	<u>FCY Balance Reval. Difference</u>	<u>Usage During the Period</u>	<u>Balance No Longer Required</u>	<u>Closing Balance</u>
- Provision For Income Tax Claims	6,909,685	-	-	-	-	6,909,685
- Provision For Legal Claims	33,150,547	286,973	-	-	-	33,437,520
- Provision For Contingent	256,708,900	-	3,919,419	(178,971)	(40,284,922)	220,164,426
- Provision For Other Claim	13,469,799	1,149,661	6,844	(2,940,643)	-	11,685,662
Total	310,238,930	1,436,634	3,926,263	(3,119,614)	(40,284,922)	272,197,292

Dec.31, 2010**EGP**

	<u>Opening Balance</u>	<u>Formed During the year</u>	<u>FCY Balance Reval. Difference</u>	<u>Usage During the year</u>	<u>Balance No Longer Required</u>	<u>Closing Balance</u>
- Provision For Income Tax Claims	146,909,685	-	-	-	(140,000,000)	6,909,685
- Provision For Legal Claims	3,401,533	32,479,464	-	(5,000)	(2,725,450)	33,150,547
- Provision For Contingent	281,592,486	3,094,612	7,334,078	-	(35,312,276)	256,708,900
- Provision For Other Claim	11,824,874	3,624,020	6,542	(1,985,637)	-	13,469,799
Total	443,728,578	39,198,096	7,340,620	(1,990,637)	(178,037,726)	310,238,930

(32) Shareholder's Equity**(A) Capital:-**

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

- Issued and Paid in Capital reached EGP 5,934,562,990 to be divided on 593,456,299 shares with EGP 10 par value for each share based on:

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

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

3- Increase Issued and Paid up Capital by amount EGP 33,119,390 in 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 the share of workers in the profits and remuneration of the Board of Directors stated in the law

(B) 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 Assets and Liabilities

	<u>Assets (Liabilities)</u> <u>Sep.30, 2011</u>	<u>Assets (Liabilities)</u> <u>Dec.31, 2010</u>
	<u>EGP</u>	<u>EGP</u>
Deferred Tax Assets and Liabilities are Attributable to the Following:		
- Fixed Assets (Depreciation)	(11,675,011)	(23,645,342)
- Other Provisions (Excluded Loan Loss, Contingent Liabilities And Income Tax Provisions)	9,024,637	9,324,074
- Other Items (Other Investments Revaluation Difference)	64,978,491	64,727,644
- Reserve For Employee Stock Ownership Plan (ESOP)	22,164,025	29,250,318
<u>Total</u>	<u>84,492,142</u>	<u>79,656,694</u>

(34) Share-Based Payments

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

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

	<u>Number of Shares</u>
- Outstanding At The Beginning Of The Year	10,550,825
- Granted During The Period	5,793,208
- Forfeited During The Period	-
- Exercised During The Period	(3,311,939)
- Outstanding At The End Of The Period	<u>13,032,094</u>

- The estimated fair value of the equity instrument granted to the second trench is EGP 27.06 .
- The estimated fair value of the equity instrument granted to the third trench is EGP 13.70 .
- The estimated fair value of the equity instrument granted to the fourth trench is EGP21.70 .
- The estimated fair value of the equity instrument granted to the fifth trench is EGP21.25 .

(35) Reserves and Retained Earnings

	<u>Sep.30, 2011</u> <u>EGP</u>	<u>Dec.31, 2010</u> <u>EGP</u>
- Legal Reserve	231,344,896	125,128,337
- General Reserve	1,234,274,960	78,564,646
- Retained Earning	-	20,231,298
- Special Reserve	185,931,315	184,356,569
- Reserve For A.F.S Investments Revaluation Diff.	(348,127,448)	2,126,596
- Banking Risks Reserve	233,158,965	156,992,515
Total Reserves and Retained Earnings at the End of the Year	<u>1,536,582,688</u>	<u>567,399,960</u>
A- <u>Banking Risks Reserve</u>	<u>Sep.30, 2011</u> <u>EGP</u>	<u>Dec.31, 2010</u> <u>EGP</u>
- Opening Balance	156,992,515	26,652,790
- Transferred from profits	76,166,450	130,339,725
Ending Balance	<u>233,158,965</u>	<u>156,992,515</u>
B- <u>Legal Reserve</u>	<u>Sep.30, 2011</u> <u>EGP</u>	<u>Dec.31, 2010</u> <u>EGP</u>
- Opening Balance	125,128,337	513,606,534
- Used During The Year	-	(476,326,032)
- Transferred from Profits	106,216,559	87,847,835
Ending Balance	<u>231,344,896</u>	<u>125,128,337</u>
C- <u>Reserve For A.F.S Investments Revaluation Diff.</u>	<u>Sep.30, 2011</u> <u>EGP</u>	<u>Dec.31, 2010</u> <u>EGP</u>
- Opening Balance	2,126,596	(106,589,600)
- Gains (Losses) from A.F.S Investment Revaluation	(350,254,044)	108,716,196
Ending Balance	<u>(348,127,448)</u>	<u>2,126,596</u>
D- <u>Retained Earning</u>	<u>Sep.30, 2011</u> <u>EGP</u>	<u>Dec.31, 2010</u> <u>EGP</u>
- Opening Balance	20,231,298	(1,942,684)
- Dividends Previous Year	(20,231,298)	-
- Transferred from Special Reserve	-	22,173,982
Ending Balance	<u>-</u>	<u>20,231,298</u>

(36) Cash And Cash Equivalent

	<u>Sep. 30, 2011</u> <u>EGP</u>	<u>Dec. 31, 2010</u> <u>EGP</u>
- Cash and Due from Central Bank	4,585,370,018	5,675,241,791
- Due from Banks	11,595,011,255	6,769,607,397
- Treasury Bills and Other Governmental Notes	8,647,963,786	8,821,003,566
- Obligatory Reserve Balance With CBE	(2,782,468,103)	(2,496,478,514)
- Due from Banks (Time Deposits) More Than Three Months	(8,610,360,530)	(3,898,317,117)
- Treasury Bills with Maturity More Than Three Months	(6,970,847,877)	(7,092,113,082)
Total Cash and Cash Equivalent	<u><u>6,464,668,549</u></u>	<u><u>7,778,944,041</u></u>

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

There are a number of existing cases filed against the bank in 30/09/2011 without provision as it's not expected to make any losses from it.

(B) Capital Commitments**- Financial Investments:-**

The capital commitments for the financial investments reached on the date of financial position EGP 221,969,217 as follows:-

	<u>Investments value</u> <u>EGP</u>	<u>Paid</u> <u>EGP</u>	<u>Remaining</u> <u>EGP</u>
- Available for Sale Financial Investments	565,372,915	350,003,698	215,369,217
- Financial Investments in Associates Co.	61,200,000	54,600,000	6,600,000

- Fixed Assets and Branches Constructions:-

The value of Commitments for the purchase of fixed assets contracts and branches constructions that have not been implemented till the date of financial statement amounted to EGP 36.682.264

(C) Loans, Facilities and Guarantees Commitments

	<u>Sep.30, 2011</u> <u>EGP</u>	<u>Dec.31, 2010</u> <u>EGP</u>
- Letters Of Guarantee	10,986,075,174	10,300,751,367
- Letters Of Credit (Import And Export)	583,299,110	989,910,137
- Customers Acceptances	437,947,024	589,087,209
Total	<u><u>12,007,321,308</u></u>	<u><u>11,879,748,713</u></u>

(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, 2011, Decisions, For Ratifying The Appropriation Account Of Year 2010.

(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 49,606,015 with redeemed value EGP 8,443,935,873.
- The market value per certificate reached EGP 170.22 on 30/9/2011.
- The Bank portion got 1,092,899 certificates with redeemed value EGP 186,033,268.

- 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 2,575,588 with redeemed value EGP 133,209,411.
- The market value per certificate reached EGP 51.72 on 30/9/2011.
- The bank portion got 194,744 certificates with redeemed value EGP 10,072,160.

- 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 753,436 with redeemed value EGP 28,660,705.
- The market value per certificate reached EGP 38.04 on 30/9/2011.
- The bank portion got 65,721 certificates with redeemed value EGP 2,500,027.

- Hemava 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 912,321 with redeemed value EGP 94,954,370.
- The market value per certificate reached EGP 104.08 on 30/9/2011.
- The bank portion got 50,000 certificates with redeemed value EGP 5,204,000.

- 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 982,957 with redeemed value EGP 98,875,645.
- The market value per certificate reached EGP 100.59 on 30/9/2011.
- The bank portion got 50,000 certificates with redeemed value EGP 5,029,500.

(40) Transactions With Related Parties

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

- Loans & Overdrafts	<u>EGP</u>	
- Customer Deposits	742,943,610	
- Contingent Accounts	161,615,856	
	498,213	
	<u>Income</u>	<u>Expenses</u>
	<u>EGP</u>	<u>EGP</u>
- International Co. for Security & Services	1,289,368	42,270,305
- Corplease Co.	60,771,073	37,485,867
- Commercial International Life Insurance Co.	1,794,160	1,293,333
- Commercial International Brokerage Co.	10,286,804	6,101,269
- Dinamic Company	444,614	137,162
- Egypt Factors	6,917,224	4,587,429
- CI Assets Management	74,091	9,314
- Commercial International Capital Holding Co.	687,152	20,393
- Haykala for Investment	30,072	3,897
- CI Capital Researches	5,709	731

(41) Tax Status

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

(42) Main Currencies Positions

	<u>Sep. 30, 2011</u>	<u>Dec. 31, 2010</u>
	<u>in thousand EGP</u>	<u>in thousand EGP</u>
- Egyptian Pound	20,266	11,966
- US Dollar	13,702	(6,602)
- Sterling Pound	(487)	(400)
- Japanese Yen	34	(433)
- Swiss Franc	(391)	130
- Euro	6,228	8,218