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

KPMG Hazem Hassan
Public accountants & consultants

AUDITORS' REPORT

To the Shareholders of
Commercial International Bank (Egypt)

Report on the unconsolidated financial statements

We have audited the accompanying unconsolidated financial statements of Commercial International Bank (Egypt) S.A.E, which comprise the unconsolidated balance sheet as at 31 December 2010 , and the unconsolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the unconsolidated Financial Statements

These unconsolidated financial statements are the responsibility of Bank's management. Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on December 16, 2008 and in light of the prevailing Egyptian laws , management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the unconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the unconsolidated financial statements.

Opinion

In our opinion, the unconsolidated financial statements referred to above present fairly, in all material respects, the unconsolidated financial position of Commercial International Bank (Egypt) as of December 31, 2010 and of its financial performance and its cash flows for the year then ended in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on December 16, 2008 and the Egyptian laws and regulations relating to the preparation of these financial statements.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note [43] to the unconsolidated financial statements. The bank disclosed that The Arab Republic of Egypt has encountered certain events that have a significant impact on the economic sectors, in general, a matter which may lead to a substantial decline in the economic activities in the coming periods.

Report on Other Legal and Regulatory Requirements

According to the information and explanations given to us – during the financial year ended December 31, 2010 no contravention of the central bank, banking and monetary institution law No. 88 of 2003.

The Bank maintains proper books of account, which include all that is required by law and by the statutes of the bank, the unconsolidated financial statements are in agreement thereto.

The unconsolidated financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Bank's books of account.

Auditors

Nabil Istanbouli	Ehab Akl
Capital Market Authority Register No. "71"	**Capital Market Authority Register No. "9"**
Allied for Accounting & Auditing E&Y	**KPMG Hazem Hassan**
Public accountants & consultants	**Public accountants & consultants**

Cairo, 23 February 2011

Activities report for the Year from

1 Jan.2010 to 31 December.2010

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

1) Balance sheet (amounts in EGP Billion)		**Balance As Of 31 Dec.2010**	**Balance As Of 31 Dec.2009 (Restated)**	**Variance %**
-	Total assets	**75.1**	**64.1**	**17.2**
-	Contingent Liabilities & Commitments	**11.9**	**12.6**	**(6.0)**
-	Loans & Overdraft (Net)	**35.2**	**27.4**	**28.2**
-	Investments	**16.3**	**9.5**	**71.4**
-	Treasury Bills and other Governmental Notes	**8.8**	**13.2**	**(33.1)**
-	Customers Deposits	**63.5**	**54.8**	**15.7**
-	Other Provisions	**0.3**	**0.4**	**(30.1)**
-	Total Shareholders' Equity & Net Profit	**8.6**	**6.9**	**24.0**

2)Capital Adequacy Ratio	***The Rate As Of 31 Dec.2010**	**The Rate As Of 31 Dec.2009**	**Variance**
Capital Adequacy Ratio	**14.41%**	**16.53%**	**(2.1)**

* Before dividend 2010 (percentage after the proposed distributions 16.91%)

3) Income statement (amounts in EGP Million)		**From 01 Jan 2010 to 31 December 2010**	**From 01 Jan 2009 to 31 December 2009 (Restated)**	**Variance %**
-	Interest received	**4,521.4**	**4,026.3**	**12.3**
-	Interest paid	**(2,266.6)**	**(2,000.9)**	**13.4**
-	Banking Fees & Commissions	**750.3**	**637.3**	**17.8**
-	Net Profit After Tax	**2,125.9**	**1,783.6**	**19.2**

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Unconsolidated Balance Sheet In
Dec. 31, 2010

	Note No.	Dec. 31, 2010 EGP	Dec. 31, 2009 EGP (Restated)
Assets:-			
- Cash and Due From Central Bank	(15)	5,675,241,791	4,179,212,739
- Due From Banks	(16)	6,769,607,397	7,785,042,557
- Treasury Bills and other Governmental Notes	(17)	8,821,003,566	13,191,665,954
- Trading Financial Assets	(18)	1,422,038,841	380,620,682
- Loans and Overdrafts for Banks (Net After Provision)	(19)	128,527,576	200,765,433
- Loans and Overdrafts for Customers (Net After Provision)	(20)	35,046,013,357	27,242,306,896
- Financial Derivatives	(21)	139,263,948	225,347,220
- **Financial Investments:-**			
- Available for Sale	(22)	13,605,347,030	7,420,529,606
- Held to Maturity	(22)	289,151,745	579,926,673
- Financial Investments in Subsidiary and Associated Co.	(23)	996,317,538	1,138,277,487
- Real estate investments	(24)	28,695,664	42,485,364
- Debit Balances and Other Assets	(25)	1,375,945,140	918,003,882
- Deferred Tax	(33)	79,656,694	39,799,318
- Fixed Assets (Net)	(26)	716,071,158	718,847,964
Total Assets		**75,092,881,445**	**64,062,831,775**
Liabilities and Shareholder's Equity:-			
Liabilities:-			
- Due to Banks	(27)	1,322,279,909	458,145,229
- Customers Deposits	(28)	63,479,883,624	54,842,629,843
- Financial Derivatives	(21)	113,551,040	150,526,830
- Credit Balances and Other Liabilities	(30)	1,123,883,898	1,128,964,485
- Long Term Loans	(29)	129,113,425	93,237,042
- Other Provisions	(31)	310,238,930	443,728,578
Total Liabilities		**66,478,950,826**	**57,117,232,007**
Shareholders' Equity:-			
- Issued and Paid in Capital	(32)	5,901,443,600	2,925,000,000
- Reserves	(32)	416,828,938	2,077,203,969
- Reserve for employee stock ownership plan (ESOP)		149,520,859	161,728,985
- Retained Earning		20,231,298	(1,942,684)
Total Shareholders' Equity		**6,488,024,695**	**5,161,990,269**
- Net Profit of the Year		2,125,905,924	1,783,609,498
Total Shareholders' Equity and Net Profit		**8,613,930,619**	**6,945,599,768**
Total Liabilities and Shareholders' Equity		**75,092,881,445**	**64,062,831,775**
Contingent Liabilities and Commitments			
- letters of Credit, Guarantees and Other Commitments	(37)	11,879,748,713	12,637,872,568

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

Hisham Ezz El-Arab
Chairman
& Managing Director

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Unconsolidated Income Statement For The Year Ended Dec. 31, 2010

	Note No.	Dec. 31, 2010 EGP	Dec. 31, 2009 EGP (Restated)
- Interest and similar income	(6)	4,521,390,287	4,026,337,183
- Interest expense and similar charges	(6)	(2,266,569,515)	(2,000,868,483)
Net Interest Income		**2,254,820,772**	**2,025,468,700**
- Fees & Commissions Income	(7)	835,154,241	704,436,353
- Fees & Commissions Expense	(7)	(84,876,559)	(67,147,458)
Net Fees and Commissions Income		**750,277,682**	**637,288,895**
- Dividends Income	(8)	184,309,092	126,062,373
- Net Trading Income	(9)	413,109,812	404,153,055
- Profit from Financial Investments	(22)	102,559,206	65,220,692
- Administrative Expenses	(10)	(1,187,939,937)	(1,040,787,351)
- Other Operating (Expenses) Income	(11)	1,771,329	(84,879,302)
- Return (Losses) Of Impairment From Loans	(12)	(6,163,496)	(9,184,858)
Net Profit Before Tax		**2,512,744,460**	**2,123,342,204**
- Income Tax	(13)	(426,695,912)	(357,691,456)
- Deferred Tax	(13) & (33)	39,857,376	17,958,750
Net Profit After Tax		**2,125,905,924**	**1,783,609,499**

Earning Per Share

- **Basic**	(14)	**2.99**	**2.63**
- **Diluted**	(14)	**2.93**	**2.59**

Hisham Ezz El-Arab
Chairman
& Managing Director

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Unconsolidated Cash Flow For The Year Ended
Dec. 31, 2010

	Dec. 31, 2010 EGP	Dec. 31, 2009 EGP (Restated)
Cash Flow From Operating Activities:-		
- Net Income Before Tax	2,512,744,460	2,123,342,204
Adjustments To Reconcile Net Income To Net Cash Provided By Operating Activities		
- Depreciation	179,021,238	184,283,445
- Provisions (Formed During The year)	84,416,535	59,026,765
- Trading Financial Investments Evaluation Differences	(76,970,503)	(11,988,038)
- Impairment Of Assets	100,496,321	22,423,516
- Utilization Of Provisions (Except Provision For Doubtful Debts)	(1,990,637)	(5,934,246)
- Provisions No Longer Used	(178,037,726)	(517,078)
- Fcy Revaluation Differences Of Provisions Balances (Except Doubtful Debts)	7,340,620	(724,579)
- Profits From Selling Fixed Assets	(1,574,746)	(15,797,710)
- Profits From Selling Financial Investments	(209,478,369)	(113,051,948)
- Losses From Selling An Investment In Associated	96	-
- Fcy Revaluation Diff.Of Long Term Loans	141,768	310,424
- Share Based Payments	66,356,519	75,001,082
Operating Profits Before Changes In Operating Assets And Liabilities	**2,482,465,576**	**2,316,373,837**
Net Decrease (Increase) In Assets and Liabilities		
- Due From Banks	1,114,664,704	(1,792,506,063)
- Treasury Bills And Other Governmental Notes	492,012,203	1,410,297,463
- Trading Financial Assets	(964,447,656)	128,921,843
- Financial Derivatives (Net)	49,107,482	(6,844,342)
- Loans And Overdrafts	(7,776,687,046)	(1,047,276,957)
- Debit Balances And Other Assets	(452,877,544)	(69,428,725)
- Due To Banks	864,134,680	244,675,217
- Customers Deposits	8,637,253,781	5,904,520,180
- Credit Balances And Other Liabilities	(431,776,495)	(475,728,332)
Net Cash Provided From Operating Activities	**4,013,849,685**	**6,613,004,121**

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Unconsolidated Cash Flow For The Year Ended
Dec. 31, 2010

		Dec. 31, 2010 EGP	Dec. 31, 2009 EGP (Restated)
	Cash Flow From Investing Activities:-		
-	(Payments) Incomings form (Purchase) selling Subsidiary and Associated Co.	141,959,949	(86,222,016)
-	Purchase Of Fixed Assets , Premises And Fitting- Out Of Branches	(179,733,400)	(130,621,033)
-	Redemption Of Held To Maturity Financial Investments	311,446,590	100,347,556
-	Held To Maturity Financial Investment Purchases	(20,671,662)	989,046
-	Purchase Of Available For Sale Financial Investment	(5,967,119,276)	(4,567,668,190)
-	Real estate investments	13,789,700	5,049,941
	Net Cash (Used In) Provided From Investing Activities	**(5,700,328,099)**	**(4,678,124,696)**
	Cash Flow From Financing Activities:-		
-	Increase (Decrease) In Long - Term Loans	35,734,615	(16,347,315)
-	Dividends Paid	(658,369,589)	(478,236,553)
-	Capital Increase	25,721,800	-
	Net Cash (Used In) Financing Activities	**(596,913,174)**	**(494,583,868)**
	Net Cash And Cash Equivalent Changes	(2,283,391,588)	1,440,295,557
	Beginning Balance Of Cash And Cash Equivalent	10,062,335,629	8,622,040,072
	Cash And Cash Equivalent Balance At The End Of The Year	**7,778,944,041**	**10,062,335,629**
	Cash And Cash Equivalent Are Represented As Follows:-		
-	Cash And Due From Central Bank	5,675,241,791	4,179,212,739
-	Due From Banks	6,769,607,397	7,785,042,557
-	Treasury Bills And Other Governmental Notes	8,821,003,566	13,191,665,954
-	Due From Banks (Time Deposits)More Than Three Months	(6,394,795,631)	(7,509,460,335)
-	Treasury Bills With Maturity More Than Three Months	(7,092,113,082)	(7,584,125,286)
	Total Cash And Cash Equivalent	**7,778,944,041**	**10,062,335,629**

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

Dec. 31, 2009	**Capital EGP**	**Legal Reserve EGP**	**General Reserve EGP**	**Retained Earning EGP**	**Special Reserve EGP**	**Reserve For A.F.S Investments Revaluation Diff. EGP**	**Banking Risks Reserve EGP**	**Profits Of The Year EGP**	**Reserve For Employee Stock Ownership Plan (ESOP) EGP**	**Total EGP**
- Beginning Balnace	2,925,000,000	432,851,511	407,547,602	(1,942,684)	185,993,785	(20,312,399)	-	1,615,100,458	86,727,903	**5,630,966,176**
- Effect Of Adjusting Accounting Standards	-	-	-	-	20,536,766	-	-	-	-	**20,536,766**
- Beginning Balnace After Adjustments	2,925,000,000	432,851,511	407,547,602	(1,942,684)	206,530,551	(20,312,399)	-	1,615,100,458	86,727,903	**5,651,502,942**
- Transferred To Reserves	-	80,755,023	1,056,108,882	-	-	-	-	(1,136,863,905)	-	**-**
- Dividends Paid	-	-	-	-	-	-	-	(478,236,553)	-	**(478,236,553)**
- Net Profit Of The Year	-	-	-	-	-	-	-	1,783,609,498	-	**1,783,609,498**
- Addition from Financial Investment Revaluation	-	-	-	-	-	(86,277,201)	-	-	-	**(86,277,201)**
- Effect Of Adjusting Accounting Standards	-	-	-	-	-	-	26,652,790	(26,652,790)	-	**-**
- Reserve For Employees Stock Ownership Plan (ESOP)	-	-	-	-	-	-	-	-	75,001,082	**75,001,082**
Balance At The End Of The Year	**2,925,000,000**	**513,606,534**	**1,463,656,484**	**(1,942,684)**	**206,530,551**	**(106,589,600)**	**26,652,790**	**1,756,956,708**	**161,728,985**	**6,945,599,768**

Dec. 31, 2010	**Capital EGP**	**Legal Reserve EGP**	**General Reserve EGP**	**Retained Earning EGP**	**Special Reserve EGP**	**Reserve For A.F.S Investments Revaluation Diff. EGP**	**Banking Risks Reserve EGP**	**Profits Of The Year EGP**	**Reserve For Employee Stock Ownership Plan (ESOP) EGP**	**Total EGP**
- Beginning Balnace	2,925,000,000	513,606,534	1,463,656,484	(1,942,684)	206,530,551	(106,589,600)	26,652,790	1,756,956,708	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	1,010,739,284	-	-	-	-	(1,098,587,119)	-	**-**
- Dividends Paid	-	-	-	-	-	-	-	(658,369,589)	-	**(658,369,589)**
- Net Profit Of The Year	-	-	-	-	-	-	-	2,125,905,924	-	**2,125,905,924**
- Transferred To Retained Earning	-	-	-	22,173,982	(22,173,982)	-	-	-	-	**-**
- Addition from Financial Investment Revaluation	-	-	-	-	-	108,716,196	-	-	-	**108,716,196**
- Transferred to Bank Risk Reserve	-	-	-	-	-	-	130,339,725	(130,339,725)	-	**-**
- Reserve For Employees Stock Ownership Plan (ESOP)	-	-	78,564,646	-	-	-	-	-	(12,208,126)	**66,356,519**
Balance At The End Of The Year	**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**

Commercial International Bank

Recommended Appropriation Account for the Year Ended in

Dec. 31, 2010

	Dec. 31, 2010 EGP	Dec. 31, 2009 EGP
- Net profit (as Income Statement)	**2,125,905,924**	**1,783,609,498**
Deduct:		
- Profits From Selling Fixed Assets Transferred To Capital Reserve According To The Law	1,574,746	-
- Bank Risk Reserve	130,339,725	26,652,790
- **Available Net Profit For Distributing**	1,993,991,453	1,756,956,708
Add:		
- Reatined Earnings (Losses)	20,231,298	(1,942,684)
Total	**2,014,222,751**	**1,755,014,024**
To Be Distributed as Follows:		
- Legal Reserve	106,216,559	87,847,835
- General Reserve	1,066,083,988	1,010,739,284
- First Dividends Share To Share Holders	295,072,180	146,250,000
- Second Dividends Share To Share Holders	295,072,180	292,500,000
- Staff Profit Sharing	201,422,275	175,695,671
- Board Members Bonus	30,213,341	26,354,351
- CIB's Foundation	20,142,228	17,569,567
- Reatined Earnings (Losses)	-	(1,942,684)
Total	**2,014,222,751**	**1,755,014,024**

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

1. General information

Commercial International Bank (Egypt) provide retail, corporate banking and investment banking services in various parts of Egypt through one hundred & eight branches, in addition to forty five units and employs over 4327 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 Sharel Degol St, Giza.
The Bank listing in 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 Unconsolidated financial statements have been prepared in accordance with Egyptian Financial Reporting Standards issued in 2006 and its amendments and in accordance with the instructions of the Central Bank of Egypt approved by the Board of Directors as of December 16, 2008 consistent with the principles referred to.
  The Unconsolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of trading, financial assets and financial liabilities held at fair value through profit or loss, available for sale and all derivatives contracts.

The preparation of these financial statements are according to relevant domestic laws, and the bank also prepared consolidated financial statements of the Bank and its subsidiaries in accordance with Egyptian Accounting Standards, the affiliated companies are entirely included in the consolidated financial statements and these companies are the companies that the bank which - directly or indirectly – has more than half of the voting rights or has the ability to control the financial and operating policies of an enterprise, regardless of the type of activity, the consolidated financial statements of the Bank can be obtained from the Bank's management. The investments in subsidiaries and associate Companies are Disclosed in the 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, as of and for the period ended December 31 , 2010 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 December 31, 2010, management has amended certain accounting policies and measurement bases to be consistent with new accounting standards and with the requirements of preparation and presentation of the financial statements of banks and foundations of the recognition and measurement of the Board of Directors of the Central Bank of Egypt in December 16, 2008.

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

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

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

- Changed the disclosure requirements of the objectives and policies and methods of risk management, financial management and capital adequacy and some other explanatory notes.

- The bank set the relevant parties in accordance with the requirements of the amended and added some new clarifications on these parties

- Collecting all facilities controlled by the bank directly or indirectly, irrespective of the activity of these installations.

Previously, there were no collection facilities that do not work in banking or finance. The users of these independent financial statements, reading consolidated financial statements of the Bank, as and for the period ended December 31, 2010, so for getting complete information on the Bank's financial position and results of its work and its cash flows and changes in owner equity.

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

  As a result of applying Central Bank of Egypt regulations and the EAS, good will accounting policy had been changed starting January 2009 by annual impairment test in the consolidated financial statements affecting income statement with 20% amortization 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. Shows the note (38) the impact of the recognition of differences in the tax numbers comparison

- Note number (35) shows the impact of that change on the item of owner equity and available for sale, investments which were previously measured at cost adjusted rate differentials in exchange rates or fair value whichever is less with the incurred of the decline in value of the income statement.

- As a Result of the application instructions and the new criteria to recognize all derivatives in the first of January 2009 in the financial statements, as separate derivatives implicit in the history of recognition in the financial statements was the measurement of all derivatives at fair value

- 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 2010

- 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 2010. As a result, the income statement for the fiscal year ended December 31, 2010 added by amount of EGP 66.356.519 is the cost of stock options granted to employees.

- Purchase accounting was applied to all acquisitions made on or after the first of January 2010 in accordance with the new requirements of accounting, and there was no effect on the bank unconsolidated or consolidated financial statements of the bank.

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

2.2 Subsidiaries and Associates

(a) Subsidiaries

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

(b) Associates

- Associates are all entities over which the Bank has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

- The purchase method of accounting is used to account for the acquisition of subsidiaries by the Bank. The cost of an acquisition is measured as the fair value of the assets given 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 income (expense) Other operating.

- Accounting for subsidiaries and associates in the financial statements are recorded by cost method, according to this method, investments are a cost of acquisition including any good will and deduct any impairment losses in value, and recorded the dividends in the income statement in the adoption of the distribution of these profits and evidence of the 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 the list Gains and losses resulting from the settlement of such transactions and the differences resulting from the assessment within the following items

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

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

2.5 Financial assets

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

(a) Financial assets at fair value through profit or loss

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

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

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

- doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried at amortised cost for loans and advances to customers or banks and debt securities in issue'
- Certain investments, such as equity investments, are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis are designated at fair value through profit and loss.
- 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 instruments at fair value Not be reclassified Through profit and loss during the retention period or force It also does not re-classification 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 form 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 receivables

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

(c) Held-to-maturity financial assets

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

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

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

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

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

the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the bank's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, 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 receivables or financial assets held to maturity - all as the case - when available Bank has the intent and ability to hold these financial assets in the foreseeable future or until maturity and are re-tab at fair value in the history of re-tab, and not process any profits or losses on those assets that have been recognized previously in equity and in the following manner:

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

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

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

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

2.6 Offsetting financial instruments

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

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

2.9 Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) 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 he will likely be the withdrawal of such loans 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 be recognized by the amend the 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&
Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants.

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

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

2.10 Dividend income

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

2.11 Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements deducted from treasury bills balance. Securities purchased subject to resell agreements ('reveres 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);
- Breach of loan covenants or conditions;
- 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; and
- Downgrading below investment grade level.

The objective evidence of impairment loss for group of financial assets is the clear data indicate to a decline can be measured in future cash flows expected from this group since its initial recognition, although not possible 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 (ie, on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

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

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

(b) Assets classified as available for sale

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

2.13 Real Estate Investments

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

2.14 Fixed Assets

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

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

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

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

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

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

2.15 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation-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 amortized over the useful life of the expected remaining life of the asset in the same manner as similar assets.

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

(b)Being lesser

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 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; 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 with changes in presentation in the current year.

3. Financial risk management

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

3.1Credit risk

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

3.1.1 Credit risk measurement

(a) Loans and advances

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

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

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

Bank's internal ratings scale

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

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

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

(b) Debt securities and other bills

For debt securities and other bills, external rating such as Standard & Poor's rating or their equivalents are used by bank Treasury for managing of the credit risk exposures, and if this rating is not available, then other ways similar to those used with the credit customers are uses. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

3.1.2 Risk limit control and mitigation policies

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

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

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

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

Some other specific control and mitigation measures are outlined below.

(a) Collateral

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

- Mortgages over residential properties;
- Mortgage business assets such as premises, 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 minimise the credit loss the bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

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

(b) Derivatives

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

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

(c) Master netting arrangements

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

(d) Credit-related commitments

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

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

3.1.3 Impairment and provisioning policies

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

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

Bank's rating

	Dec.31, 2010		Dec.31, 2009	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1-Performing loans	90.91	54.65	90.97	42.93
2-Regular watching	5.37	5.24	4.73	4.71
3-Watch list	0.99	2.56	1.33	2.47
4-Non performing loans	2.73	37.55	2.97	49.89
	100.00	**100.00**	**100.00**	**100.00**

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

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

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

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 Debt	100%	4	Non performing loans

3.1.5 Maximum exposure to credit risk before collateral held

	Dec.31, 2010	Dec.31, 2009
In Balance sheet items exposed to credit risk		
Treasury Bills and other Governmental Notes	8,821,003,566	13,191,665,954
Trading Financial Assets		
– Debt Instruments	880,224,887	111,334,360
Loans and Overdrafts for Banks	128,527,576	200,765,433
Loans and advances to customers:		
Retail:		
- Overdrafts	1,007,205,364	852,902,695
- Credit Cards	518,583,403	451,907,954
- Personal Loans	1,914,229,597	1,005,586,641
- Real state Loans	430,897,165	292,518,318
- Other Loans	43,390,803	67,037,522
Corporate:		
- Overdrafts	3,019,878,138	3,434,116,195
- Direct Loans	21,750,548,380	15,918,861,867
- Syndicated loans	7,751,645,734	6,663,779,140
- Other Loans	151,746,100	93,713,728
Financial Derivatives	139,263,948	225,347,220
Financial Investments (Debt Instruments)	13,355,786,433	7,884,902,625
Financial Investments in Subsidiary and Associated Co.	996,317,538	1,138,277,487
Total	**60,909,248,633**	**51,532,717,139**
Off Balance sheet items exposed to credit risk		
Financial guarantees	631,466,319	931,471,000
Customers Acceptances	589,087,209	469,403,911
Letter of Credit	989,910,137	820,272,115
Letter of guarantee	10,300,751,367	11,348,196,542
Total	**12,511,215,032**	**13,569,343,568**

The above table represents the Maximum bank exposure to credit risk at 31 December 2010, 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, 60.35% of the total maximum exposure is derived from loans and advances to banks and customers; 23.31% represents investments in debt Instruments.

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

- 96.28% of the loans and advances portfolio is categorized in the top two grades of the internal rating system.
- 97.26% of the loans and advances portfolio are considered to be neither past due nor impaired.
- loans and advances assessed on an individual basis valued EGP 1,002,967,623
- The bank has implemented more prudent processes when granting loans and advances during the financial year ended in Dec.31.2010.
- 83.62% of the investments in debt Instruments are represented in governmental instruments.

3.1.6 Loans and advances

Loans and advances are summarized as follows:

	Dec.31, 2010		Dec.31, 2009	
	Loans and advances to customers EGP	Loans and advances to banks EGP	Loans and advances to customers EGP	Loans and advances to banks EGP
Neither past due nor impaired	35,222,569,885	128,527,576	27,533,698,826	200,765,433
Past due but not impaired	362,587,175	-	384,723,397	-
Individually impaired	1,002,967,623	-	862,001,836	-
Gross	**36,588,124,684**	**128,527,576**	**28,780,424,059**	**200,765,433**
Less: impairment provision	1,257,882,426	-	1,304,194,445	-
Net	**35,330,242,258**	**128,527,576**	**27,476,229,614**	**200,765,433**

- Impairment losses for loans and advances has reached EGP 1,257,882,426 and for more details about impairment provisions and loans for customers and banks see note 19 and 20

- During the year ended 31 December 2010, the bank's total loans and advances increased by 22.26% as a result of the expansion of the lending business in Egypt. When entering into new 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 advances to customers and banks:

EGP

Dec.31, 2010	Retail				Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Overdraft	Direct loans	Syndicated loans	Total Loans and advances to customers	Total Loans and advances to banks
Grades:									
1-Performing loans	983,169,252	472,507,944	1,792,657,101	420,773,533	2,728,730,820	19,003,864,489	7,161,788,723	**32,563,491,861**	**128,527,576**
2-Regular watching	14,014,956	14,691,771	31,515,198	137,891	64,245,481	1,696,217,879	84,905,117	**1,905,728,292**	
3-Watch list	910,235	1,264,587	2,370,366	304,044	19,897,402	93,982,758	211,620,140	**330,349,531**	
4-Non performing loans	1,109,226	293,405	6,188,446	793,528	62,533,215	279,427,412	180,327,341	**530,672,573**	
Total	**999,203,668**	**488,757,706**	**1,832,731,111**	**422,008,996**	**2,875,406,918**	**21,073,492,537**	**7,638,641,321**	**35,330,242,258**	**128,527,576**

EGP

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

- Loans and advances past due but not impaired:

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

EGP

Dec.31, 2010	Retail					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	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**

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

- Individually impaired loans.

Loans and advances assessed on an individual basis before cash flows from guarantees are totaled EGP 1,002,967,623

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

	Retail				Corporate			Total
Dec.31, 2010	**Overdrafts**	**Credit cards**	**Personal loans**	**Mortgages**	**overdraft**	**Direct loans**	**Syndicated loans**	
Individually impaired loans	7,394,303	26,646,934	75,338,998	5,834,947	150,193,541	533,870,638	203,688,263	**1,002,967,623**

	Retail				Corporate			Total
Dec.31, 2009	**Overdrafts**	**Credit cards**	**Personal loans**	**Mortgages**	**overdraft**	**Direct loans**	**Syndicated loans**	
Individually impaired loans	4,978,512	39,136,769	72,300,784	2,540,770	170,916,226	522,861,775	49,267,000	**862,001,836**

- Loans and advances Restructured

Restructuring activities include extended payment arrangements, execute obligatory management programs, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgment of local management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans Renegotiated loans that would otherwise be past due or impaired totaled at the of the financial year EGP 2,421,912,000

	Dec.31, 2010	**Dec.31, 2009**
Loans and advances to customers – individuals:		
− Direct loans	2,421,912,000	2,511,008,801
Total	**2,421,912,000**	**2,511,008,801**

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 31 December 2010, based on Standard & Poor's ratings or their equivalent:

Dec.31, 2010	**Treasury bills and other Gov. notes**	**Trading Financial Assets**	**Financial Investments**	**Designated at fair value**	**Total**
AAA	-	-	1,348,515,298	-	**1,348,515,298**
AA- to AA+	-	37,648,537	383,075,610	-	**420,724,147**
A- to A+	-	49,169,280	264,572,353	-	**313,741,632**
Lower than A-	8,821,003,566	865,786,819	11,124,145,389	-	**20,810,935,775**
Unrated	-	469,434,205	1,770,507,662	-	**2,239,941,867**
Total	**8,821,003,566**	**1,422,038,841**	**14,890,816,313**	**-**	**25,133,858,720**

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 year. For this table, the bank has allocated exposures to regions based on the country of domicile of its counterparties.

	EGYPT				Gulf Countries	Total
Dec.31, 2010	**Cairo**	**Alex, Delta & Sinai**	**Upper Egypt**	**Total**		
- Treasury bills and other governmental notes	8,821,003,566	-	-	8,821,003,566	-	**8,821,003,566**
- **Trading Financial Assets**						
− Debt instruments	880,224,887	-	-	880,224,887	-	**880,224,887**
- Loans and advances to banks	128,527,576	-	-	128,527,576	-	**128,527,576**
- **Loans and advances to customers:**						
- **Retail:**						
− Overdrafts	432,704,022	486,194,487	85,998,199	1,004,896,708	2,308,656.45	**1,007,205,364**
− Credit cards	383,747,840	111,127,993	23,263,631	518,139,464	443,939.38	**518,583,403**
− Personal loans	1,269,773,113	513,307,313	130,846,100	1,913,926,526	303,070.73	**1,914,229,596**
− Mortgages	350,289,921	71,943,416	8,663,827	430,897,165	-	**430,897,165**
− Other loans	13,052,586	30,338,217	-	43,390,803	-	**43,390,803**
- **Corporate:**						
− Overdrafts	2,511,833,720	497,684,059	10,360,359	3,019,878,138	-	**3,019,878,138**
− Direct Loans	15,763,316,160	5,427,094,766	560,137,453	21,750,548,379	-	**21,750,548,379**
− Syndicated loans	7,192,378,694	559,267,040.27	-	7,751,645,734	-	**7,751,645,734**
− Other loans	139,084,252	12,147,595.71	514,252.66	151,746,100	-	**151,746,100**
- Financial Derivatives	139,263,948	-	-	139,263,948	-	**139,263,948**
- Financial Investments (Debt Instruments)	13,355,786,433	-	-	13,355,786,433	-	**13,355,786,433**
- Financial Investments in Subsidiary and Associated Co.	996,317,538	-	-	996,317,538	-	**996,317,538**
	52,377,304,256	**7,709,104,887**	**819,783,823**	**60,906,192,966**	**3,055,667**	**60,909,248,633**

(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.

Dec.31, 2010	**Financial institutions**	**Manufacturing**	**Other industries**	**Wholesale and retail trade**	**Total**
Treasury bills and other governmental bills	8,821,003,566	-	-	-	**8,821,003,566**
Financial Assets for trading					
− Debt Instruments	880,224,887	-	-	-	**880,224,887**
Loans and advances to banks	128,527,576	-	-	-	**128,527,576**
Retail:					
− Overdrafts	-	-	-	1,007,205,364	**1,007,205,364**
− Credit cards	-	-	-	518,583,403	**518,583,403**
− Term loans	-	-	-	1,914,229,596	**1,914,229,596**
− Mortgages	-	-	-	430,897,165	**430,897,165**
− Other loans	-	-	-	43,390,803	**43,390,803**
Corporate:					
− Overdrafts	3,019,878,138	-	-	-	**3,019,878,138**
− Direct loans	21,750,548,379	-	-	-	**21,750,548,379**
− Syndicated loans	7,751,645,734	-	-	-	**7,751,645,734**
− Other loans	151,746,100	-	-	-	**151,746,100**
Derivative financial instruments	139,263,948	-	-	-	**139,263,948**
Investment securities − debt instrument	13,355,786,433	-	-	-	**13,355,786,433**
Financial Investments in Subsidiary and Associated Co.	996,317,538	-	-	-	**996,317,538**
	56,994,942,300	**-**	**-**	**3,914,306,332**	**60,909,248,633**

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

	Dec.31, 2010			Dec.31, 2009		
	Medium	High	Low	Medium	High	Low
1- Foreign exchange risk	335,428	1,021,367	47,251	307,823	883,615	116,378
2- Interest rate risk	**64,862,911**	**81,655,436**	**53,996,397**	**42,269,890**	**58,591,001**	**32,865,596**
- For non trading purposes	48,257,686	63,983,903	38,055,532	45,989,917	67,921,405	29,653,822
- For trading purposes	13,970,809	17,970,757	4,319,514	6,769,105	11,457,200	3,229,241
3- Equities risk	6,140,352	6,714,030	3,478,929	5,899,644	7,221,488	4,866,168
4- Investment fund	1,218,674	1,617,940	1,080,322	1,480,875	1,704,370	1,265,702
Total VAR	**66,470,692**	**83,020,106**	**55,788,545**	**44,101,339**	**60,067,638**	**35,133,019**

- Trading portfolio VAR by risk type

	Dec.31, 2010			Dec.31, 2009		
	Medium	High	Low	Medium	High	Low
1- Foreign exchange risk	335,428	1,021,367	47,251	307,823	883,615	116,378
2- Interest rate risk	**-**	**-**	**-**	**-**	**-**	**-**
- For non trading purposes	-	-	-	-	-	-
- For trading purposes	13,970,809	17,970,757	4,319,514	6,769,105	11,457,200	3,229,241
3- Equities risk	6,140,352	6,714,030	3,478,929	5,899,644	7,221,488	4,866,168
4- investment fund	1,218,674	1,617,940	1,080,322	1,480,875	1,704,370	1,265,702
Total VAR	**16,670,238**	**18,818,850**	**12,881,880**	**10,728,264**	**11,758,526**	**9,767,308**

- Non Trading portfolio VAR by risk type

	Dec.31, 2010			Dec.31, 2009		
	Medium	High	Low	Medium	High	Low
2- Interest rate risk	**-**	**-**	**-**	**-**	**-**	**-**
- For non trading purposes	48,257,686	63,983,903	38,055,532	45,989,917	67,921,405	29,653,822
- Total VAR	**48,257,686**	**63,983,903**	**38,055,532**	**45,989,917**	**67,921,405**	**29,653,822**

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.

	EGP	USD	EURO	GBP	Other	Equivalent EGP Total
Dec.31, 2010						
Assets						
Cash and Due From Central Bank	5,340,511,293	216,752,383	76,246,307	11,565,455	30,166,353	**5,675,241,791**
Due from banks	68,963,151	4,061,199,055	2,276,564,976	294,350,174	68,530,040	**6,769,607,397**
Treasury Bills and other Governmental Notes	9,237,350,000	-	-	-	-	**9,237,350,000**
Trading Financial Assets	1,245,074,101	112,817,471	7,584,147	-	56,563,122	**1,422,038,841**
Loans and Overdrafts for Banks	-	109,981,246	18,546,329	-	-	**128,527,576**
Loans and Overdrafts for Customers	18,983,625,965	16,496,008,965	1,107,426,206	1,062,908	639	**36,588,124,684**
Financial Derivatives	113,816,994	23,767,459	1,679,495	-	-	**139,263,948**
Financial Investments:-						
- Available for Sale	12,362,650,044	1,207,924,447	34,772,539	-	-	**13,605,347,030**
- Held to Maturity	76,595,875	212,555,870	-	-	-	**289,151,744**
- Financial Investments in Subsidiary and Associated Co.	978,206,250	18,111,288	-	-	-	**996,317,538**
Total Financial Assets	**48,406,793,673**	**22,459,118,184**	**3,522,820,000**	**306,978,537**	**155,260,155**	**74,850,970,548**
Liabilities						
Due to Banks	25,950,480	1,269,111,131	24,987,158	39,006	2,192,134	**1,322,279,909**
Customers Deposits	38,947,931,229	19,520,385,330	4,242,251,199	418,313,269	351,002,597	**63,479,883,624**
Financial Derivatives	72,398,399	35,856,183	5,296,458	-	-	**113,551,040**
Other loans	113,132,222	6,954,607	9,026,597	-	-	**129,113,426**
Total Financial Liabilities	**39,159,412,330**	**20,832,307,250**	**4,281,561,413**	**418,352,276**	**353,194,730**	**65,044,827,999**
Net on-Balance Sheet Financial Position	**9,247,381,343**	**1,626,810,934**	**(758,741,413)**	**(111,373,738)**	**(197,934,576)**	**9,806,142,550**

3.2.4 Interest rate risk

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

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

	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non- interest bearing	Total
Dec.31, 2010							
Assets							
Cash and Due From Central Bank	-	-	-	-	-	5,675,241,791	**5,675,241,791**
Due from banks	3,544,095,186	2,625,547,452	310,562,150	-	-	289,402,609	**6,769,607,397**
Treasury Bills and other Governmental Notes (Face Value)	882,825,000	864,075,000	7,490,450,000	-	-	-	**9,237,350,000**
Trading Financial Assets	486,705,408	25,023,555	50,820,797	752,412,704	33,044,393	74,031,983	**1,422,038,841**
Loans and overdraft to banks	14,689,065	95,292,181	13,763,999	4,782,331	-	-	**128,527,576**
Loans and overdraft to customers	19,244,274,971	9,248,598,618	4,490,011,516	3,126,233,619	479,005,960	-	**36,588,124,684**
Financial Derivatives (including IRS notional amount)	601,075,895	634,147,582	399,970,527	1,706,094,810	40,802,149	32,676,040	**3,414,767,002**
Financial Investments:-							
– Available for sale	650,559,648	122,049,018	1,676,885,635	9,914,066,570	741,658,471	500,127,687	**13,605,347,030**
– Held to maturity	58,049,000	12,126,923	195,125,071	23,850,750	-	-	**289,151,744**
Financial Investments in Subsidiary and Associated Co.	-	-	-	-	-	996,317,538	**996,317,538**
Total Financial Assets	**25,482,274,173**	**13,626,860,328**	**14,627,589,694**	**15,527,440,784**	**1,294,510,973**	**7,567,797,649**	**78,126,473,602**
Liabilities							
Due to banks	309,172,192	49,341,650	435,367,500	-	-	528,398,567	**1,322,279,909**
Customers Deposits	28,596,057,430	7,668,185,243	4,808,527,430	12,002,841,827	468,641,746	9,935,629,948	**63,479,883,624**
Financial Derivatives (including IRS notional amount)	719,459,775	1,595,449,411	66,038,415	454,698,465	505,026,300	48,381,727	**3,389,054,094**
Other Loans	12,114,271	19,773,441	69,568,298	27,657,416	-	-	**129,113,426**
Total financial liabilities	**29,636,803,668**	**9,332,749,745**	**5,379,501,644**	**12,485,197,708**	**973,668,047**	**10,512,410,242**	**68,320,331,053**
Total interest re-pricing gap	**(4,154,529,495)**	**4,294,110,583**	**9,248,088,051**	**3,042,243,076**	**320,842,926**	**(2,944,612,593)**	**9,806,142,548**

3.3 Liquidity risk

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

3.3.1 Liquidity risk management process

- The Bank's liquidity management process, as carried out within the Bank and monitored by a separate team in Assets & Liabilities Management Dept, includes:
- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is borrowed by customers.
- The Bank maintains an active presence in global money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring balance sheet liquidity ratios against internal and requirements of central bank of Egypt
- Managing the concentration and profile of debt maturities.
- Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. Assets & Liabilities Management Dept. also monitors unmatched medium-term assets, the level and type of un drawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

3.3.2 Funding approach

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

3.3.3 Non-derivative cash flows

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

Dec.31, 2010	**Up to 1 Month**	**One to Three Months**	**Three to Twelve Months**	**Twelve Months to One Year**	**Over Five Years**	**Total**
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	19,773,441	69,568,298	27,657,416	-	**129,113,426**
Financial Derivatives (Foreign Exchange Derivatives)	46,109,376	10,090,483	8,806,258	163,196	-	**65,169,313**
Total liabilities (contractual maturity dates)	**18,712,709,954**	**9,231,147,381**	**9,118,076,592**	**19,220,546,082**	**8,713,966,264**	**64,996,446,272**
Total financial assets (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**

Dec.31, 2009	**Up to 1 Month**	**One to Three Months**	**Three to Twelve Months**	**Twelve Months to One Year**	**Over Five Years**	**Total**
Liabilities						
Due to Banks	409,579,156	4,049,703	8,099,405	16,393,099	20,023,867	**458,145,229**
Customers Deposits	17,630,864,392	8,479,674,960	7,333,919,085	13,692,437,981	7,705,733,424	**54,842,629,843**
Other loans	3,967,682	14,002,441	27,740,623	47,526,296	-	**93,237,042**
Financial Derivatives (Foreign Exchange Derivatives)	8,864,618	8,069,253	4,877,954	-	-	**21,811,825**
Total liabilities (contractual maturity dates)	**18,053,275,848**	**8,505,796,357**	**7,374,637,067**	**13,756,357,377**	**7,725,757,291**	**55,415,823,939**
Total financial assets (contractual maturity dates)	**13,715,802,876**	**5,921,889,859**	**14,273,219,862**	**19,288,837,927**	**11,253,257,091**	**64,453,007,614**

3.3.4 Derivative cash flows

Derivatives settled on a net basis

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

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

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

Dec.31, 2010	Up to 1 Month	One to Three Months	Three to Twelve Months	Twelve Months to One Year	Over Five Years	Total
liabilities						
Financial Derivatives						
− Foreign exchange derivatives	46,109,376	10,090,483	8,806,258	163,195.72	-	**65,169,313**
− Interest rate derivatives	-	547,406.66	311,210	19,972,049	20,321,976	**41,152,641**
Total	**46,109,376**	**10,637,890**	**9,117,468**	**20,135,244**	**20,321,976**	**106,321,954**

OFF Balance sheet items

Dec.31, 2010	Up to 1 year	1-5 years	Over 5 years	Total
Financial Guarantees , Bills and other facilities	9,481,517,644	2,214,095,031	184,136,038	**11,879,748,713**
Total	**9,481,517,644**	**2,214,095,031**	**184,136,038**	**11,879,748,713**

3.4 Fair value of financial assets and liabilities

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

The total amount of the change in fair value estimated using a valuation technique that was recognized in profit or loss during December 31, 2010 EGP 37,005,804,005 and EGP 29,676,669,820 in December 31, 2009

(b) Financial instruments not measured at fair value

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

	Book value		Fair value	
	Dec.31, 2010	31 Dec.2009	Dec.31, 2010	31 Dec.2009
Financial Assets				
Due from banks	6,769,607,397	7,785,042,557	-	-
Loans and overdraft to banks	-	-	128,527,576	200,765,433
Loans and overdraft to customers:	-	-	-	-
− Retail	-	-	3,914,306,332	2,669,953,130
− Corporate	-	-	32,673,818,352	26,110,470,930
Financial Investments:				
Available For Sale	-	-	-	115,553,654
Held to maturity	-	-	289,151,745	579,926,673
Total Financial Assets	**6,769,607,397**	**7,785,042,557**	**37,005,804,005**	**29,676,669,820**
Financial liabilities				
Due to banks	1,322,279,909	458,145,229	-	-
Customers Deposits	63,479,883,624	54,842,629,843	-	-
Other loans	129,113,425	93,237,042	-	-
Total Financial Liabilities	**64,931,276,958**	**55,394,012,114**	**-**	**-**

Due from banks

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

Loans and overdrafts to banks

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

Loans and overdrafts to customers

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

Financial Investments

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

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

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

3.5 Capital management

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

- To comply with the capital requirements in Egypt.
- To safeguard the Bank's ability to continue as a on going concern so that it can continue to provide returns for shareholders and stakeholders.
- To maintain a strong capital base to support the development of its business.

- Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Central bank Of Egypt, for supervisory purposes. The required information is filed with the Authority on a quarterly basis.

- Central bank Of Egypt requires the following:
  - Hold the minimum level of the issued and paid up capital of EGP500 Million
  - Maintain a ratio of total regulatory capital to the risk weighted asset or above the agreed minimum of 10%.

- **Tier One:**

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

- **Tier Two:**

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

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

	Dec.31, 2010	Dec.31, 2009
Tier 1 capital		
Share capital (net of the treasury shares)	5,901,443,600	2,925,000,000
General reserves	78,564,646	2,474,395,768
Legal reserve	125,128,337	601,454,369
Other reserve	267,520,908	241,133,169
Retained earnings	20,231,298	(1,942,684)
Total qualifying Tier 1 capital	**6,392,888,789**	**6,240,040,622**
Tier 2 capital		
Redeemable preference shares (general risk provision)	607,483,178	510,442,970
Loans/deposits		
45% of the increase in fair value than the book value for A.F.S Investments:-	956,968	-
Total qualifying Tier 2 capital	**608,440,147**	**510,442,970**
Less investments in associates		
Total capital 1+2	**7,001,328,935**	**6,750,483,592**
Risk-weighted assets:		
In-balance sheet	43,626,939,621	36,143,068,815
Off-balance sheet	4,971,714,657	4,692,368,750
Total risk-weighted assets	**48,598,654,278**	**40,835,437,565**
Capital Adequacy ratio (%)	**14.41%**	**16.53%**

4 Critical accounting estimates and judgments

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

(a) Impairment losses on loans and overdraft

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

(b) Impairment of available for-sale equity investments

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

(c) Fair value of derivatives

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

(d) Held-to-maturity investments

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

5 Segment analysis

(a) By business segment

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

* Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;

* Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products

* Investment banking – incorporating financial instruments trading, structured financing, corporate leasing, and merger and acquisitions advice.

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

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

Dec.31, 2010	Corporate Banking	SME's	Investment Banking	Retail Banking	Total
Revenue according to business Activity gains	2,391,904,590	64,900,676	(14,712,804)	1,481,916,949	3,924,009,412
Expenses according to business	(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**

Dec.31, 2009	Corporate Banking	SME's	Investment banking	Retail Banking	Total
Revenue according to business	2,123,286,525	1,233,264,123	35,755,000	40,989,074	**3,433,294,722**
Expenses according to business	(499,571,860)	(763,045,467)	(28,445,000)	(18,890,191)	**(1,309,952,518)**
Activities results by sector	**1,623,714,665**	**470,218,656**	**7,310,000**	**22,098,883**	**2,123,342,204**
Profit before tax	1,623,714,665	470,218,656	7,310,000	22,098,883	**2,123,342,204**
tax	(263,565,633)	(73,899,941)	(1,150,000)	(1,117,132)	**(339,732,706)**
Profit for the year	**1,360,149,032**	**396,318,715**	**6,160,000**	**20,981,751**	**1,783,609,498**
Assets and liabilities according to business segment	61,090,037,945	220,223,300	15,311,000	2,737,259,530	64,062,831,775
Total assets	**61,090,037,945**	**220,223,300**	**15,311,000**	**2,737,259,530**	**64,062,831,775**

(b) By Geographical segment

EGP

	Egypt					
Dec.31, 2010	**Cairo**	**Alex, Delta & Sinai**	**Upper Egypt**	**Total**	**Other Countries**	**Total**
Revenue according to business	3,021,813,859	775,199,795	118,266,971	**3,915,280,625**	8,728,787	**3,924,009,412**
Expenses according to business	(996,860,718)	(329,539,165)	(83,836,154)	**(1,410,236,037)**	(1,028,915)	**(1,411,264,952)**
Activities results by sector	**2,024,953,141**	**445,660,630**	**34,430,817**	**2,505,044,588**	**7,699,872**	**2,512,744,460**
Unallocated costs						
Profit before tax	2,024,953,141	445,660,630	34,430,817	**2,505,044,588**	7,699,872	**2,512,744,460**
Tax	(311,742,766)	(68,609,725)	(5,300,645)	**(385,653,136)**	(1,185,400)	**(386,838,536)**
Profit for the Year	**1,713,210,375**	**377,050,905**	**29,130,172**	**2,119,391,452**	**6,514,472**	**2,125,905,924**
Geographical segments Assets	65,958,915,155	8,492,570,016	638,319,867	**75,089,805,039**	3,076,406	**75,092,881,445**
Total Assets	**65,958,915,155**	**8,492,570,016**	**638,319,867**	**75,089,805,039**	**3,076,406**	**75,092,881,445**

EGP

	Egypt					
Dec.31, 2009	**Cairo**	**Alex, Delta & Sinai**	**Upper Egypt**	**Total**	**Other Countries**	**Total**
Revenue according to business	2,732,486,003	604,289,656	90,005,198	**3,426,780,857**	6,513,865	**3,433,294,722**
Expenses according to business	(887,737,726)	(331,898,850)	(80,523,392)	**(1,300,159,968)**	(9,792,550)	**(1,309,952,518)**
Activities results by sector	**1,844,748,277**	**272,390,806**	**9,481,806**	**2,126,620,889**	**(3,278,685)**	**2,123,342,204**
Profit before tax	1,844,748,277	272,390,806	9,481,806	**2,126,620,889**	(3,278,685)	**2,123,342,204**
tax	(277,763,925)	(57,301,417)	(4,577,700)	**(339,643,042)**	(89,664)	**(339,732,706)**
Profit for the year	**1,566,984,352**	**215,089,389**	**4,904,106**	**1,786,977,847**	**(3,368,349)**	**1,783,609,498**
Geographical Segments Assets	58,679,070,495	5,220,836,561	159,979,784	**64,059,886,840**	2,944,935	**64,062,831,775**
Total Assets	**58,679,070,495**	**5,220,836,561**	**159,979,784**	**64,059,886,840**	**2,944,935**	**64,062,831,775**

(6) Net Interest Income

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- Interest Received from Loans and similar items:-		
- Banks	113,507,031	128,013,500
- Clients	2,306,925,726	2,136,658,036
	2,420,432,757	**2,264,671,536**
- Treasury Bills and Bonds	1,929,290,408	1,125,317,343
- Reverse Repos	16,639,271	74,641,951
- Financial Investment In Held to Maturity and Available for Sale Debt Instruments	155,040,368	561,590,964
- Other	(12,517)	115,389
Total	**4,521,390,287**	**4,026,337,183**
- Interest Paid on deposits and similar items:-		
- Banks	70,469,233	164,842,855
- Clients	2,193,757,602	1,834,454,011
	2,264,226,835	**1,999,296,866**
- Financial Instruments Purchased with a Commitment to Re-Sale (Repos)	219,881	-
- Other	2,122,799	1,571,617
Total	**2,266,569,515**	**2,000,868,483**
Net	**2,254,820,772**	**2,025,468,700**

(7) Net Income From fees & Commissions

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
fees & Commissions Income :		
Fees & Commissions Related to Credit	518,885,060	461,475,536
Custody Fees	39,158,012	31,672,575
Other Fees	277,111,169	211,288,242
Total	**835,154,241**	**704,436,353**
Other Fees Paid	(84,876,559)	(67,147,458)
Total	**(84,876,559)**	**(67,147,458)**
Net fees & Commissions	**750,277,682**	**637,288,895**

(8) Dividends

	Dec.31, 2010	Dec.31, 2009
Trading Securities	1,330,647	1,763,898
Available for Sale Securities	150,827,877	118,815,429
Subsidiaries and Associated	32,150,568	5,483,046
Total	**184,309,092**	**126,062,373**

(9) Net Trading Income

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- Profit From Foreign exchange	334,230,240	291,327,008
- Profit (Losses) From Revaluations of Trading Assets and Liabilities in Foreign Currencies	9,795,800	(1,962,006)
- (Losses)Profit From Forward Foreign exchange Deals Revaluation	(12,297,737)	3,460,009
- (Losses) Profit From Interest Rate Swaps Revaluation	(33,053,612)	(41,255,686)
- (Losses) Profit From Swap Deals Revaluation	(17,643,454)	(307,591)
- Trading Debt Instruments	107,408,262	156,564,981
- Trading Equity Instruments	24,670,313	(3,673,660)
Total	**413,109,812**	**404,153,055**

(10) Administrative Expenses

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
Staff Costs		
- Wages & Salaries	476,468,863	412,132,518
- Social Insurance	21,713,306	19,575,658
- Other Benefits	29,636,810	14,428,628
- Other Administrative Expenses	660,120,958	594,650,547
Total	**1,187,939,937**	**1,040,787,351**

(11) Other Operating (Expenses) Income

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- (Losses) Profits From Assets & Liabilities Revaluation Except Trading	(90,859,875)	6,036,985
- Profits From Selling Equipments And Fixed Assets	1,574,746	15,797,710
- Return (Losses) Of other Provision	138,839,630	(48,794,376)
- Others	(47,783,172)	(57,919,621)
Total	**1,771,329**	**(84,879,302)**

(12) Return (Losses) Of Impairment From Loans

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
Loans And Overdrafts For Customers	(6,783,757)	(9,715,311)
Held to Maturity Financial Investments	620,261	530,453
Total	**(6,163,496)**	**(9,184,858)**

(13) Adjustments to Calculate the Effective Tax Rate

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- Profit Before Tax	2,512,744,460	2,123,342,204
- Tax Rate	20%	20%
Income Tax Based On Accounting Profit	**502,548,892**	**424,668,441**
Add / (Deduct)		
- Non-Deductible Expenses	8,023,187	5,760,564
- Tax Exemptions	(113,094,263)	(99,119,357)
- Effect Of Provisions	(10,639,280)	8,423,058
Income Tax	**386,838,536**	**339,732,706**
Effective Tax Rate	**15.40%**	**16.00%**

(14) Earning Per Share

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- Net Profit For The Year Available for Distribution	1,993,991,453	1,756,956,708
- Board Member's Bonus	(30,213,341)	(26,354,351)
- Staff Profit Sharing	(201,422,275)	(175,695,671)
Shareholders' Share In Profits	**1,762,355,837**	**1,554,906,687**
- Number Of Shares	590,144,360	590,144,360
Basic Earning Per Share	**2.99**	**2.63**
- By Issuance Of ESOP Earning Per Share Will Be:-		
Number Of Shares Including ESOP Shares	600,695,185	600,695,185
Diluted Earning Per Share	**2.93**	**2.59**

(15) Cash And Due From Central Bank

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- Cash	1,399,250,089	911,152,111
- Reserve Balance With CBE:-		
- Current Accounts	4,275,991,702	3,268,060,628
Total Cash & Due From Central Bank	**5,675,241,791**	**4,179,212,739**
Balances without Interest	**5,675,241,791**	**4,179,212,739**

(16) Due From Banks

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- Current Accounts	374,811,766	275,582,222
- Deposits	6,394,795,631	7,509,460,335
Total Due From Banks	**6,769,607,397**	**7,785,042,557**
- Central Banks (Except Obligatory Reserve)	2,539,019,714	2,121,116,884
- Local Banks	540,547,702	813,100,753
- Foreign Banks	3,690,039,981	4,850,824,920
Total Due From Banks	**6,769,607,397**	**7,785,042,557**
- Non Bearing Interest Balances	289,402,609	275,582,222
- Fixed Bearing Interest Balances	6,480,204,788	7,509,460,335
Total Due From Banks	**6,769,607,397**	**7,785,042,557**
- Current Balances	6,769,607,397	7,785,042,557
Total Due From Banks	**6,769,607,397**	**7,785,042,557**

(17) Treasury Bills And Other Governmental Notes

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- 91 Days Maturity	2,126,041,239	5,647,025,000
- 182 Days Maturity	3,830,900,000	4,539,175,000
- 364 Days Maturity	3,659,550,000	3,451,725,000
	9,616,491,239	**13,637,925,000**
- Unearned Income	(416,346,434)	(446,259,046)
Total Treasury Bills	**9,200,144,805**	**13,191,665,954**
- Repos	(379,141,239)	-
Total Treasury Bills And Other Governmental Notes	**8,821,003,566**	**13,191,665,954**

Available for sale debt insttruments with an amount of EGP 379,141,239 have been reclassfied under treasury bills and other governmental notes which have been pledged according to Repo agreement.

(18) Financial Assets For Trading

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- **Debt Instruments:-**		
- Government Bonds	861,157,325	75,348,284
- Other Debt Instruments	19,067,562	35,986,076
Total Debt Instruments	**880,224,887**	**111,334,360**
- **Equity Instruments:-**		
- Foreign Company Shares	74,031,984	57,624,532
- Mutual Fund	467,781,970	211,661,790
Total Equity Instruments	**541,813,953**	**269,286,322**
Total Financial Assets For Trading	**1,422,038,841**	**380,620,682**

(19) Loans And Overdrafts For Banks

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- Time and Term Loans	128,527,576	200,765,433
Total Loans and Overdrafts For Banks	**128,527,576**	**200,765,433**
Distributed To:-		
- Non-Current Balances	128,527,576	200,765,433
Net Loans And Overdrafts For Banks	**128,527,576**	**200,765,433**

(20) Loans And Overdrafts For Customers

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
Retail		
- Overdrafts	1,007,205,364	852,902,695
- Credit Cards	518,583,403	451,907,954
- Personal Loans	1,914,229,597	1,005,586,641
- Real state Loans	430,897,165	292,518,318
- Other Loans	43,390,803	67,037,522
Total (1)	**3,914,306,332**	**2,669,953,130**
Corporate		
- Overdrafts	3,019,878,138	3,434,116,195
- Direct Loans	21,750,548,380	15,918,861,867
- Syndicated loans	7,751,645,734	6,663,779,140
- Other Loans	151,746,100	93,713,728
Total (2)	**32,673,818,352**	**26,110,470,930**
Loans And Overdrafts For Customers (1+2)	**36,588,124,684**	**28,780,424,060**
- Unearned Bills Discount	(59,528,351)	(92,637,396)
- Impairment Provision	(1,257,882,426)	(1,304,194,446)
- Interest In Suspense	(224,700,550)	(141,285,321)
Net Loans And Overdrafts For Customers	**35,046,013,357**	**27,242,306,897**
Distributed To:-		
Current Balances	13,176,145,651	10,362,261,423
Non-Current Balances	21,869,867,706	16,880,045,473
Net Loans And Overdrafts For Customers	**35,046,013,357**	**27,242,306,896**

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

- **Analysis Of The Impairment Provision For Customers**

Dec.31, 2010

Retail

	Overdrafts	Credit Cards	Personal Loans	Real state Loans	Total
- 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	1,784,389	(2,677,769)	(41,751,067)	2,280,658	**(40,363,789)**
- Write Off During The Year	-	(21,890,799)	(762,282)	-	**(22,653,081)**
- Recoveries From Written Off Debts	-	3,216,180	255,895	-	**3,472,075**
- Foreign Currency Revaluation Diff.	-	-	-	-	-
Balance At The End Of The Year	**8,001,963**	**42,119,826**	**81,498,499**	**8,888,164**	**140,508,452**

Corporate

	Overdrafts	Direct Loans	Syndicated loans	Other Loans	Total
- Balance At Beginning Of The Year	182,615,379	456,119,614	461,400,856	4,005,349	**1,104,141,198**
- Formed During The Year	4,274,439	31,517,879	11,256,656	98,572	**47,147,546**
- Write Off During The Year	-	(83,201,595)	-	-	**(83,201,595)**
- Recoveries From Written Off Debts	-	25,694,981	-	-	**25,694,981**
- Foreign Currency Revaluation Diff.	-	23,591,844	-	-	**23,591,844**
Balance At The End Of The Year	**186,889,818**	**453,722,723**	**472,657,512**	**4,103,921**	**1,117,373,974**

Dec.31, 2009

Retail

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

Corporate

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

(21) Financial derivatives

Derivatives

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

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

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

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

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

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

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

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

A- For Trading Derivatives

		Dec.31, 2010			Dec.31, 2009	
	Notional Amount	**Assets**	**Liabilities**	**Notional Amount**	**Assets**	**Liabilities**
- **Foreign Derivatives:-**						
- Forward Foreign exchange contracts	**3,072,183,403**	10,189,895	17,784,952	**2,216,238,458**	11,313,445	6,610,765
- Currency swap	**5,252,345,990**	95,810,458	46,796,806	**2,282,456,175**	59,700,304	8,520,349
- Options	**129,589,977**	587,555	587,555	**1,115,741,508**	6,680,711	6,680,711
Total Derivatives (1)		**106,587,908**	**65,169,313**		**77,694,460**	**21,811,825**
- **Interest rate derivatives:-**						
- Interest rate Swaps	**2,116,390,500**	18,033,720	32,936,778	**1,468,824,580**	25,635,166	6,697,411
Total Derivatives (2)		**18,033,720**	**32,936,778**		**25,635,166**	**6,697,411**
- Commodity	**37,459,113**	7,229,086	7,229,086	**219,509,800**	122,017,594	122,017,594
Total Derivatives (3)		**7,229,086**	**7,229,086**		**122,017,594**	**122,017,594**
Total Assets (liability) For Trading Derivatives (1+2+3)		**131,850,714**	**105,335,177**		**225,347,220**	**150,526,830**

B- For Hedging Derivatives

		Dec.31, 2010			Dec.31, 2009	
	Notional Amount	**Assets**	**Liabilities**	**Notional Amount**	**Assets**	**Liabilities**
Interest rate Swaps	**1,159,112,554**	7,413,234	8,215,863	-	-	-
Total Assets (liability) For Hedging Derivatives (1+2+3+4)		**7,413,234**	**8,215,863**		**-**	**-**
Total Financial Derivatives (1+2+3+4)		**139,263,948**	**113,551,040**		**225,347,220**	**150,526,830**

(22) Financial Investment

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- **Available For Sale Financial Investment:-**		
- Debt Instruments Listed - Fair Value	12,182,202,264	6,756,292,076
- Equity Instruments Listed - Fair Value	88,634,556	115,553,654
- Unlisted Instruments	1,334,510,210	548,683,876
Total Available For Sale Financial Investment	**13,605,347,030**	**7,420,529,606**
- **Held To Maturity Financial Investment:-**		
- Listed Debt Instruments	54,083,377	262,758,830
- Unlisted Instruments	235,068,368	317,167,843
Total Held To Maturity Financial Investment	**289,151,745**	**579,926,673**
Total Financial Investment	**13,894,498,775**	**8,000,456,279**
- Listed Balances	11,983,836,014	7,134,604,560
- Unlisted Balances	1,910,662,761	865,851,719
	13,894,498,775	**8,000,456,279**
- Fixed Interest Debt Instruments	11,505,888,130	5,701,939,359
- Variable Interest Debt Instruments	1,849,898,303	1,601,779,389
	13,355,786,433	**7,303,718,748**

- Available for sale debt insttruments with an amount of EGP 379,141,239 have been reclassfied under treasury bills and other governmental notes which have been pledged according to Repo agreement.

	Available for Sale Financial Investment	Held to Maturity Financial Investment	Total
- **Opening Balance 1/1/2009**	**2,762,232,984**	**681,263,274**	**3,443,496,258**
- Addition	9,345,814,437	-	9,345,814,437
- Deduction (Selling - Recovery)	(4,578,286,645)	(100,347,555)	(4,678,634,201)
- Differences In Revaluation Of The Cash Assets In Foreign Currencies	(8,035,073)	(989,046)	(9,024,119)
- Profit (Losses)From Fair Value Deference	(86,277,201)	-	(86,277,201)
- Return (Deduct) - Impairment Losses	(14,918,896)	-	(14,918,896)
Balance At The End Of Year	**7,420,529,606**	**579,926,673**	**8,000,456,279**
- **Opening Balance 1/1/2010**	**7,420,529,606**	**579,926,673**	**8,000,456,279**
- Addition	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 Deference	108,716,196	-	108,716,196
Balance At The End Of Year	**13,605,347,030**	**289,151,745**	**13,894,498,775**

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- **Profit (Losses) From Financial Investment**		
Profit From Selling Available For Sale Financial Instruments	203,689,153	88,188,511
(Losses) From Impairment Of Equity Instruments Available For Sale	(9,844,647)	(14,918,896)
Return (Losses) Of Impairment From Available For Sale Debt Instruments	68,054,023	(8,035,072)
(Losses) From Selling Investments In Subsidiaries And Associates.	(96)	-
(Losses) From Impairment Of Subsidiaries And Associates.	(159,325,957)	-
Profit (Losses) Of Selling Held to Maturity Debt Investments	(13,270)	(13,851)
	102,559,206	**65,220,692**

(23) Financial Investments in Subsidiary and Associated Companies

	Dec.31, 2010 Value (EGP)	%	Dec.31, 2009 Value (EGP)	%
(A) Subsidiary Companies:-				
- Commercial International Capital Holding Co.	886,086,000	99.98	1,045,411,957	99.98
(B) Associated Companies:-				
- Commercial International life insurance co.	44,520,250	45	44,520,250	45
- Corplease co.	42,000,000	40	32,000,000	40
- Cotecna Trade Support	-	39	48,750	39
- Haykala for Investment	600,000	40	600,000	40
- Egypt Factors	18,111,288	39	10,696,530	39
- International. Co. for Appraisal and Collection.	1,000,000	40	1,000,000	40
- International Co. for Security and Services (Falcon)	4,000,000	40	4,000,000	40
Total	**996,317,538**		**1,138,277,487**	

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

	Dec.31, 2010	Dec.31, 2009
- Financial Investments Unlisted in Stock Exchange	996,317,538	1,138,277,487
Total	**996,317,538**	**1,138,277,487**

(24) Real estate investments

Assets	Dec.31, 2010 EGP Book value	Dec.31, 2009 EGP Book value
- Building number 17 tiba st. Eldokki next to shooting club	7,600,000	7,600,000
- Commercial unit number f 35 in arkadia mall (14 elbahr st. Boulak kornish el nile)	361,200	361,200
- Floor 3 building number 131 eltahriri st. Eldokki + part of the garage	-	3,239,200
- Appartment in the first floor 230 meters elmadina tower elgomhoria st. Port said	750,000	1,000,000
- 338.32 meters on a land and building the property number 16 elmakrizi st. Heliopolis	1,000,000	1,650,000
- Villa number 27/291 elgamil portsaid	-	225,000
- Villa number 113 royal hills 6th of october	2,000,000	2,500,000
- A land area with 1468.85 meters elsaidi basin -markaz nabrouh eldakahlia	1,121,965	1,321,965
- Land and a bulding in elmansoura elnahda street 766.3 meters	3,463,000	7,663,000
- Agricultural area 1 feddan 14t and 17.25 shares near el azazi fakous elsharkia	222,000	322,000
- Land number 16 mit khamis elmansoura (3 carats, 15 share)which equals 645 meters	1,935,000	1,935,000
- land with a villa model number 10 on land number 219 Elshorouk 2000 compound villas	-	2,525,500
- Agriculutral area 47 feddans 11 carats markaz shebin eldakahlia	10,242,499	12,142,499
Total	**28,695,664**	**42,485,364**

(25) Debit Balances and Other Assets

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- Accrued Revenues	801,607,656	453,873,774
- Prepaid Expenses	68,889,983	67,433,667
- Advances for Purchase of Fixed Assets	53,943,062	48,879,348
- Accounts receivable and Other Assets **	446,874,086	343,186,740
- Assets Acquired as Settlement of Debts	4,630,353	4,630,353
	1,375,945,140	**918,003,882**

* This Include The Value Of Premises That Was Not Recorded Under The Bank's Name By EGP 21.095.664 Which Were Acquired Against Settlement Of The Debts Mentioned Above, In The Same Time The Legal Procedures Are Under Process To Register Or Sell These Assets Within The period required by law.

** Include EGP 6.331.048 as Assets Held For Sale.

(26) Net Fixed Assets

Dec.31, 2010

	Land	Premises	IT	Vehicles	Fitting -Out	Machines & Equipment	Furniture & Furnishing	**Total**
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	**EGP**
Opening Balance (3)	60,548,180	333,931,594	639,002,727	21,076,715	235,612,855	234,103,089	96,403,749	**1,620,678,909**
Additions (Deductions) During The Year	27,081	70,539,200	59,322,657	16,586,300	14,314,071	7,090,093	8,365,030	**176,244,432**
Closing Balance (1)	**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**
Accu.Depreciation at Beginning of The Year (4)	-	122,545,577	406,752,292	20,147,077	167,756,764	132,600,857	52,028,378	**901,830,945**
Current Year Depreciation	-	18,619,628	84,296,654	944,181	39,588,379	26,051,005	9,521,391	**179,021,238**
Accu.Depreciation at End of The Year (2)	**-**	**141,165,205**	**491,048,946**	**21,091,258**	**207,345,143**	**158,651,862**	**61,549,769**	**1,080,852,183**
End of Year Net Assets (1-2)	60,575,261	263,305,589	207,276,438	16,571,757	42,581,783	82,541,320	43,219,010	**716,071,158**
Beginning of Year Net Assets (3-4)	**60,548,180**	**211,386,017**	**232,250,435**	**929,638**	**67,856,091**	**101,502,232**	**44,375,371**	**718,847,964**
Depreciation Rates		**%5**	**%20**	**%20**	**%33.3**	**33.3%**	**20%**	

- Net Fixed Assets Value On The Balance Sheet Date Includes EGP 60,763,220 Non Registered Assets While Their Registrations Procedures Are In Process.

(27) Due To Banks

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- Current Accounts	628,594,359	258,145,229
- Deposits	693,685,550	200,000,000
	1,322,279,909	**458,145,229**
- Central Banks	67,074,769	33,070,672
- Local Banks	110,476,364	215,963,990
- Foreign Banks	1,144,728,776	209,110,567
	1,322,279,909	**458,145,229**
- Non Bearing Interest Balances	528,398,567	258,145,229
- Fixed Bearing Interest Balances	793,881,342	200,000,000
	1,322,279,909	**458,145,229**
- Current Balances	628,594,359	258,145,229
- Non-Current Balances	693,685,550	200,000,000
	1,322,279,909	**458,145,229**

(28) Customers Deposits

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- Demand Deposits	16,778,775,254	14,490,335,257
- Time Deposits	21,893,614,059	21,669,911,514
- Certificates of Deposit	15,205,693,671	9,805,872,397
- Saving Deposits	8,321,204,407	8,024,613,798
- Other Deposits	1,280,596,233	851,896,877
	63,479,883,624	**54,842,629,843**
- Corporate Deposits	21,323,876,050	18,712,676,141
- Retail Deposits	42,156,007,574	36,129,953,702
	63,479,883,624	**54,842,629,843**
- Non Bearing Interest Balances	9,935,629,948	15,342,232,134
- Floating Bearing Interest Balances	-	10,746,100
- Fixed Bearing Interest Balances	53,544,253,676	39,489,651,609
	63,479,883,624	**54,842,629,843**
- Current Balances	47,968,184,622	44,951,662,006
- Non-Current Balances	15,511,699,002	9,890,967,837
	63,479,883,624	**54,842,629,843**

(29) Long Term Loans

	Rate %	Maturity Date	Maturing Through Next Year EGP	Balance as of Dec.31, 2010 EGP	Balance as of Dec.31, 2009 EGP
- F.I.S.C.	7	3-5 years	16,665,283	34,363,003	36,314,000
- KFW Private Sector Industry (Phase II)	9 - 10.5	10 YEARS	5,487,166	8,966,582	9,581,678
- UNIDO	1	2011	29,716	60,014	2,249,926
- Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	74,802,222	78,352,222	33,687,857
- Ministry of Agriculture (V.S.P)	3.5 - 5.5 depends on maturity date	3-5 years	-	-	60,000
- Social Fund	3 months T/D or 9% which more	2010	249,000	417,000	1,485,844
- Spanish Microfinance Loan	0.5	2012	3,477,302	6,954,604	9,857,737
Total			**100,710,689**	**129,113,425**	**93,237,042**

(30) Credit Balances and Other Liabilities

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- Accrued Interest Payable	208,214,717	172,395,377
- Accrued Expenses	95,867,298	63,907,016
- Accounts Payable	376,604,579	460,698,162
- Income Tax	426,695,912	306,398,840
- Other Credit balances	16,501,392	125,565,090
Total	**1,123,883,898**	**1,128,964,485**

(31) Other Provisions

Dec.31, 2010
EGP

	Opening Balance	Formed During the Year	FCY Balance Reval. Difference	Usage During the Year	Balance No Longer Required	Closing Balance
- Provision For Income Tax Claims	146,909,685	-	-	-	(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**

Dec.31, 2009
EGP

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

(32) Shareholders Equity

(A) Capital:-

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

- **Issued and Paid in Capital reached EGP 5,901,443,600 to be divided on 590,144,360 shares with EGP 10 par value for each share based on**

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

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

- The Extraordinary General Assembly approved in the meeting of 26 june,2006 to activate a motivating and rewarding program for the bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid-in capital at par value ,through 5 years starting 31,dec 2006 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.

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

(33) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:	Assets (liabilities) Dec.31, 2010 EGP	Assets (liabilities) Dec.31, 2009 EGP
- Fixed Assets (Depreciation)	(23,645,342)	(26,940,482)
- Other Provisions(Excluded Loan Loss, Contingent Liabilities And Income Tax Provisions)	9,324,074	3,045,281
- Other Items(Other Investments Revaluation Difference)	64,727,644	31,517,523
- Reserve For Employee Stock Ownership Plan (ESOP)	29,250,318	32,176,996
Total	**79,656,694**	**39,799,318**

(34) Share-Based Payments

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

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

	Number of Shares
- Outstanding At The Beginning Of The Year	10,322,024
- Granted During The Year	3,388,366
- Forfeited During The Year	(587,385)
- Exercised During The Year	(2,572,180)
- **Outstanding At The End Of The Year**	**10,550,825**

- The estimated fair value of the equity instrument granted to the second tranch is EGP 27.06 .
- The estimated fair value of the equity instrument granted to the third tranch is EGP 13.70 .
- The estimated fair value of the equity instrument granted to the forth tranch is EGP21.70 .
- The equity instrument fair value for the second, third and forth trenches have been adjusted to reflect the dilution effect of the Stock dividend that took place in 2010.

(35) Reserves and Retained Earnings

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- Legal Reserve	125,128,337	513,606,534
- General Reserve	78,564,646	1,463,656,484
- Retained Earning	20,231,298	(1,942,684)
- Special Reserve	184,356,569	206,530,551
- Reserve For A.F.S Investments Revaluation Diff.	2,126,596	(106,589,600)
- Banking Risks Reserve	156,992,515	26,652,790
Total Reserves and Retained Earnings at the End of the Year	**567,399,960**	**2,101,914,074**

A- Banking Risks Reserve

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- Opening Balance	26,652,790	-
- Transferred from (to) retained earnings	130,339,725	26,652,790
Ending Balance	**156,992,515**	**26,652,790**

B- Legal Reserve

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- Opening Balance	513,606,534	432,851,511
- Used During The Year	(476,326,032)	-
- Transferred from Profits	87,847,835	80,755,023
Ending Balance	**125,128,337**	**513,606,534**

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

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- Opening Balance	(106,589,600)	(20,312,399)
- Gains (Losses) from A.F.S Investment Revaluation	108,716,196	(101,196,097)
- Losses from Impairment	-	14,918,896
Ending Balance	**2,126,596**	**(106,589,600)**

D- Retained Earning

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

(36) Cash And Cash Equivalent

	Dec. 31, 2010 EGP	Dec. 31, 2009 EGP
- Cash And Due From Central Bank	5,675,241,791	4,179,212,739
- Due From Banks	6,769,607,397	7,785,042,557
- Treasury Bills And Other Governmental Notes	8,821,003,566	13,191,665,954
- Due From Banks (Time Deposits)More Than Three Months	(6,394,795,631)	(7,509,460,335)
- Treasury Bills With Maturity More Than Three Months	(7,092,113,082)	(7,584,125,286)
Total Cash And Cash Equivalent	**7,778,944,041**	**10,062,335,629**

(37) Contingent Liabilities And Commitments

(A) Legal Claims

There are a number of existing cases filed against the bank in 31/12/2010 without provision as it's not expected to make any losses from it.

(B) Capital Commitments

- **Financial Investments:-**

The capital commitments for the financial investments reached on the date of financial position EGP 142,855,749 as follows:-

	Investments value EGP	Paid EGP	Remaining EGP
- Available for Sale Financial Investments	477,436,529	335,180,780	142,255,749
- Financial Investments in associates Co.	1,200,000	600,000	600,000

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

The value of Commitments for the purchase of fixed assets contracts and branches constructions that have not been implemented till the date of financial statement amounted to EGP 2.028.164

(C) Loans, Facilities and Guarantees Commitments

	Dec.31, 2010 EGP	Dec.31, 2009 EGP
- Letters Of Guarantee	10,300,751,367	11,348,196,542
- Letters Of Credit (Import And Export)	989,910,137	820,272,115
- Customers Acceptances	589,087,209	469,403,911
Total	**11,879,748,713**	**12,637,872,568**

(38) Comparative Figures

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

	Balance Before Adjustments Year 2009	Balance After Adjustments Year 2009
- Loans and Overdrafts for Customers (Net After Provision)	27,102,918,752	27,242,306,896
- Reconciliation Accounts - Credit Balances	1,106,662,383	1,128,964,485
- Other Provisions	373,832,092	443,728,578
- Special Reserve	185,993,785	206,530,551
- Banking Risks Reserve	-	26,652,790
- Provisions (Income Statement)	(96,243,322)	-
- Other Operating (Expenses) Income	(36,084,926)	(84,879,302)
- Return (Losses) Of Impairment From Loans	-	(9,184,858)
- Income Tax	(346,610,611)	(357,691,456)

(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 60,588,285 with redeemed value EGP 9,703,819,726.
- The market value per certificate reached EGP 160.16 on 31/12/2010.
- The Bank portion got 2,702,313 certificates with redeemed value EGP 432,802,450.

- **Istethmar Fund**

- CIB bank established the second accumulated return mutual fund under license no.344 issued from capital market authority on 26/02/2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 3,037,171 with redeemed value EGP 242,669,963.
- The market value per certificate reached EGP 79.90 on 31/12/2010.
- The bank portion got 194,744 certificates with redeemed value EGP 15,560,046.

- **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 760,909 with redeemed value EGP 45,616,495.
- The market value per certificate reached EGP 59.95 on 31/12/2010.
- The bank portion got 45,434 certificates with redeemed value EGP 2,723,768.

- **Hemaya Fund**

- CIB bank established an accumulated return mutual fund under license no.585 issued from capital market authority on 23/06/2010. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 2,964,421 with redeemed value EGP 302,993,470.
- The market value per certificate reached EGP 102.21 on 31/12/2010.
- The bank portion got 347,627 certificates with redeemed value EGP 35,530,956.

(40) Transactions With Related Parties

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

	EGP
- Loans & Overdrafts	828,308,607
- Customer Deposits	695,818,754
- Contingent Accounts	383,754

	Income EGP	Expenses EGP
- International Co. for Security & Services	684,391	50,347
- Corplease Co.	66,245,071	954,343
- Commercial International Life Insurance Co.	171,309	1,925,320
- Commercial International Brokerage Co.	1,155,777	2,622,284
- Dinamic Company	26,425	135,982
- Egypt Factors	7,103,508	56,770
- CI Assets Management	6,280	16,009
- Commercial International Capital Holding Co.	22,315	257,184
- Haykala for Investment	756	3,245
- CI Capital Researches	546	794

(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

	Dec. 31, 2010 in thousand EGP	Dec. 31, 2009 in thousand EGP
- Egyptian Pound	11,966	60,421
- US Dollar	(6,602)	(29,077)
- Sterling Pound	(400)	279
- Japanese Yen	(433)	599
- Swiss Franc	130	1,081
- Euro	8,218	15,912

(43) Subsequent Events

- The Arab Republic of Egypt has encountered certain events that have a significant impact on the economic sectors, in general, a matter which may lead to a substantial decline in the economic activities in the foreseeable future. Therefore, there is a possibility that the above mentioned events will have a significant impact on the assets, liabilities, its recoverable/ settlement amounts and the results of operations in the foreseeable future.
- At the present time, it is not possible to quantify the effect on the assets and the liabilities included in the company's financial statements, since quantifying the effect of these events relies on the expected range and the time when these events, and its consequences, are expected to be finished.
- The Bank will continue to assess the situation and will quantify any effect on assets and liabilities once the assessment is complete.