



MAZARS Mostafa Shawki
Accountants & Auditors



BAKER TILLY

WAHID ABDEL GHAFFAR & CO.
Accountants & Consultants

SOCIETE ARABE INTERNATIONALE DE BANQUE (SAIB)
(S.A.E.)

FINANCIAL STATEMENTS TOGETHER WITH AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

Table of Contents

<u>Description</u>	<u>Page No.</u>
<i>Independent Auditors' Report</i>	1 - 2
<i>Balance Sheet as of December 31, 2012</i>	3
<i>Income Statement for the year end December 31, 2012</i>	4
<i>Statement of Cash Flow for the year end December 31, 2012</i>	5 - 6
<i>Statement of Changes in Shareholders' Equity</i>	7 - 8
<i>Proposed Statement of Profit Appropriation for the year end December 31, 2012</i>	9
<i>Notes to the Financial Statement</i>	10 - 71

INDEPENDENT AUDITORS' REPORT

To the Shareholders of :
**Societe Arabe Internationale de Banque
(SAIB) - S.A.E.**

Report on the Financial Statements

We have audited the accompanying financial statements of **Societe Arabe Internationale de Banque (SAIB) S.A.E.** which comprises the balance sheet as of December 31, 2012, and the statements of income, cash flows and changes in equity for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An auditing process 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 with circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, the audit process 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 financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Societe Arabe Internationale de Banque (SAIB) - S.A.E.** as of December 31, 2012, and of its financial performance, and its cash flows for the year then ended in accordance with Central Bank of Egypt's rules, according to the rules of the preparation and presentation of the financial statements and measurement and recognition bases approved by its boards of directors on December 16, 2008 and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Legal and other Regulatory Requirements

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

According to the information and explanations given to us during the financial year ended December 31, 2012 no contravention of the central bank, banking and monetary institution law No.88 of 2003.

The 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.

Cairo, January 30, 2013

AUDITORS

MOHAMMED EL MOETAZ MAHMOUD

M. El Moetaz Mahmoud
MAZARS Mostafa Shawki
Accountants & Auditors

TAMER MOHAMED NABARAWY

Tamer N. Nabarawy
BAKER TILLY
WAHID ABDEL GHAFFAR & CO.
BAKER TILLY Wahid Abdel Ghaffar & Co.
Public Accountants & Consultants

BALANCE SHEET AS OF DECEMBER 31, 2012
(All Amounts are Expressed in US Dollars)

	Note No.	31/12/2012	31/12/2011
ASSETS			
Cash and due from Central Bank of Egypt	(15)	97,239,655	112,961,818
Due from banks	(16)	91,556,696	134,108,060
Treasury bills	(17)	609,710,661	169,647,050
Trading investments	(18)	--	391,892
Loans and Facilities for customers	(19)	656,138,866	658,464,516
Financial Investments:			
-Available for sale investments	(20)	974,526,754	734,737,241
-Held to maturity investments	(20)	81,621,075	153,291,261
Investments in subsidiaries companies	(21)	161,576	209,584
Intangible assets	(22)	286,446	498,928
Other assets	(23)	45,753,137	27,107,868
Fixed assets	(24)	15,049,158	12,826,008
Total Assets		2,572,044,024	2,004,244,226
LIABILITIES AND SHAREHOLDERS EQUITY			
LIABILITIES			
Due to banks	(25)	153,140,125	36,351,403
Customers' deposits	(26)	2,028,900,715	1,608,038,292
Other loans	(27)	9,193,966	6,631,408
Other liabilities	(28)	140,399,466	125,522,770
Other provisions	(29)	8,683,986	7,490,418
Deferred tax liability	(30)	185,843	245,323
Total Liabilities		2,340,504,101	1,784,279,614
SHAREHOLDERS EQUITY			
Paid-up capital	(31)	150,000,000	150,000,000
Reserves	(32)	50,873,229	45,980,807
Retained earnings	(32)	30,666,694	23,983,805
Total Shareholders' Equity		231,539,923	219,964,612
Total Liabilities and Shareholders' Equity		2,572,044,024	2,004,244,226

- Auditors' Report attached.
- The accompanying Notes from (1) to (38) are an Integral part of these financial statements.

AUDITORS

MOHAMMED EL MOETAZ MAHMOUD
M. El Moetaz Mahmoud
MAZARS Mostafa Shawki

TAMER MOHAMED NABARAWY
Tamer N. Nabarawy
BAKER TILLY Wahid Abdel Ghaffar & Co.

Vice Chairman of the Board
And Managing Director

Vice Chairman of the Board
And Managing Director

HASSAN ABDEL MEGUID
Hassan Abdel Meguid

MOHAMMED NAGUIB IBRAHIM
Mohammed Naguib Ibrahim

TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN ARABIC

INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012
(All Amounts are Expressed in US Dollars)

	Note No.	For the Financial Period From 1/01/2012 To 31/12/2012	For the Financial Period From 1/01/2011 To 31/12/2011	For the Financial Period From 1/10/2012 To 31/12/2012	For the Financial Period From 1/10/2011 To 31/12/2011
Loans Interest and similar income	(6)	202,725,051	151,596,022	58,834,756	39,511,404
Deposits interest and similar expenses	(6)	(136,795,582)	(98,863,098)	(39,355,438)	(25,604,812)
Net interest income		65,929,469	52,732,924	19,479,318	13,906,592
Fees and commission income	(7)	16,266,340	14,785,083	4,160,535	3,585,066
Fees and commission expenses	(7)	(324,839)	(262,279)	(78,022)	(61,448)
Net Fees and Commission Income		15,941,501	14,522,804	4,082,513	3,523,618
Dividends income	(8)	1,185,548	1,432,429	105,370	24,825
Net Trading Income	(9)	4,383,313	2,868,919	1,640,001	719,849
Gain (loss) from Financial Investments	(20)	4,108,387	(472,384)	2,511,163	(1,358,234)
Impairment (expenses) recovery from credit losses	(12)	(3,083,820)	(2,084,380)	(691,968)	(275,513)
Administrative expenses	(10)	(44,273,160)	(40,017,049)	(11,575,064)	(10,514,032)
Other operating revenue (expenses)	(11)	(218,227)	(388,857)	(1,161,609)	161,127
Income (expenses) from Investments in associate companies	(21)	(9,730)	(63,813)	--	--
Net profit before income taxes		43,963,281	28,530,593	14,389,724	6,188,232
Income taxes (expenses)	(13)	(15,811,400)	(7,664,386)	(5,890,268)	(1,995,347)
Net profit for the year after taxes		28,151,881	20,866,207	8,499,456	4,192,885
Earnings per Basic share (US Dollar/Share)	(14)	1.32	0.96		

- The accompanying Notes from (1) to (38) are an Integral part of these financial statements.

Vice Chairman of the Board
And Managing Director

HASSAN ABDEL MEGUID

Vice Chairman of the Board
And Managing Director

MOHAMMED NAGUIB IBRAHIM

TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN ARABIC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
(All Amounts are Expressed in US Dollars)

	Note No.	31/12/2012	31/12/2011
Cash Flows from Operating Activities			
Net Profit before tax		43,963,281	28,530,593
Adjustments to Reconcile Net Profit to Net Cash Flows from Operating Activities			
Depreciation and amortization	(10)	2,419,267	2,340,140
Impairment expenses of assets	(12,20)	3,114,209	3,478,524
Impairment expenses (recovery) of other provisions	(11)	3,974,536	77,975
(Used) from provisions other than loan provision	(29)	(2,551,507)	(2,601,709)
Dividends	(8)	(1,185,548)	(1,432,429)
Net trading income from trading equity instruments	(9)	--	186,192
Premium of held to maturity bonds	(20)	2,687,147	2,886,583
Discount of held to maturity bonds	(20)	(347,561)	(250,285)
(Profits) from sale of financial investments	(20)	(4,138,776)	(921,760)
Losses From An Investments In associates	(21)	9,730	63,813
(Gains) from sale of fixed assets	(11)	--	(21,625)
Operating profit before changes in assets and liabilities used in the operating activities		47,944,778	32,336,016
Net Decrease (Increase) in Assets:			
Due from banks		21,721,053	(7,997,694)
Treasury bills		(440,063,611)	(169,647,050)
Trading Financial Assets		391,892	--
Loans and Facilities for customers		691,449	51,427,860
Other assets		(14,735,068)	573,321
Due to banks		116,788,723	23,583,357
Customers' deposits		420,862,424	84,433,380
Other liabilities		9,807,694	12,620,534
Paid Income Tax		(10,801,880)	(7,303,494)
Currency Exchange difference		41,240,162	25,856,785
Net cash flows Provided From operating activities		193,847,616	45,882,011
Cash Flows from Investing Activities:			
(Payments) for the purchase of fixed assets and branches preparation		(8,984,473)	(1,008,554)
Proceeds from sale of fixed assets		--	21,625
Proceeds from sale of financial investments other than financial assets held for trading		199,097,852	177,773,585
Purchase of investments other than financial assets held for trading		(405,183,257)	(194,090,445)
Dividends received		1,185,548	1,448,550
Net Cash Flows (used in) investing activities		(213,884,330)	(15,855,239)

TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN ARABIC

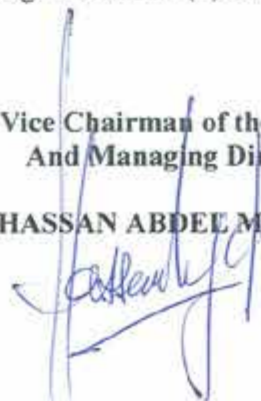
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
(All Amounts are Expressed in US Dollars)

	Note No.	31/12/2012	31/12/2011
Cash Flows from Financing Activities:			
Proceeds from other loans		--	6,631,408
Paid from other loans		(311,640)	--
Dividends paid		(16,204,120)	(21,250,030)
Net cash flows (used in) financing activities		(16,515,760)	(14,618,622)
Net increase (decrease) in cash and cash equivalents during the year		(36,552,474)	15,409,150
Cash and cash equivalents at the beginning of the year		153,233,758	137,824,608
Cash and cash equivalents at the end of the year		116,681,284	153,233,785
Cash and Cash Equivalents at Year-End are Represented as follows (Note 31):			
Cash and due from Central Bank of Egypt	(15)	97,239,655	112,961,818
Due from banks	(16)	91,556,696	134,108,060
Treasury bills	(17)	609,710,661	169,647,050
Due from Central Bank (mandatory reserve)	(15)	(72,115,067)	(93,836,120)
Treasury bills maturing after more than three months	(17)	(609,710,661)	(169,647,050)
Cash and cash equivalents at year-end	(34)	116,681,284	153,233,758

- The accompanying Notes from (1) to (38) are an Integral part of these financial statements.

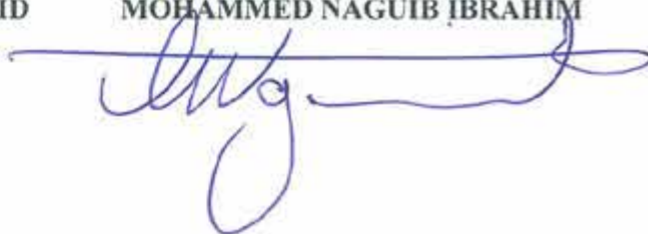
Vice Chairman of the Board
And Managing Director

HASSAN ABDEL MEGUID



Vice Chairman of the Board
And Managing Director

MOHAMMED NAGUIB IBRAHIM



TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN ARABIC

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012
(All Amounts are Expressed in US Dollars)

	Paid up Capital	Legal Reserve	Banking Risk Reserve	Private Reserve	General Reserve	Capital Reserve	Fair value/ Financial investments available for sale	Retained Earnings	Total
31/12/2011	150,000,000	44,698,816	583,101	3,337,162	5,608,413	642,627	3,561,006	30,338,039	238,769,164
Balance as of 1/01/2011	--	--	--	--	--	--	(18,329,723)	--	(18,329,723)
Net change in financial investments available for sale (Note 32/c)	--	--	--	--	--	--	--	20,866,207	20,866,207
Net profit for the year 2011	--	--	--	--	--	--	--	(21,250,000)	(21,250,000)
Dividends for year 2010	--	--	--	--	--	--	--	(2,470,441)	--
Transferred to banking risk reserve (Note 32/a)	--	--	2,470,441	--	--	--	--	--	--
Transferred to legal reserves (Note 32/b)	--	2,767,252	--	--	--	--	--	(2,767,252)	--
Translation differences (Note 32/c)	--	--	--	--	--	--	(91,036)	--	(91,036)
Transferred to general reserve (Note 32/e)	--	--	--	--	683,080	--	--	(683,080)	--
Transferred to capital reserve (Note 32/c)	--	--	--	--	--	49,668	--	(49,668)	--
Transferred to banking risk reserve during the year	--	--	--	--	--	--	--	--	--
Balance as of 31/12/2011	150,000,000	47,466,068	3,053,542	3,337,162	6,291,493	692,295	(14,859,753)	23,983,805	219,964,612

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012**
(All Amounts are Expressed in US Dollars)

	Paid up Capital	Legal Reserve	Banking Risk Reserve	Private Reserve	General Reserve	Capital Reserve	Fair value/ Financial investments available for sale	Retained Earnings	Total
31/12/2011	150,000,000	47,466,068	3,053,542	3,337,162	6,291,493	692,295	(14,859,753) (1,261,304)	23,983,805	219,964,612 (1,261,304)
Balance as of 1/01/2012	--	--	--	--	--	--	--	--	--
Net change in financial investments available for sale (Note 32/c)	--	--	--	--	--	--	--	28,151,881	28,151,881
Net profit for the year 2012	--	--	--	--	--	--	--	(16,204,120)	(16,204,120)
Dividends for year 2011	--	--	658,789	--	--	--	--	(658,789)	--
Transferred to banking risk reserve (Note 32/a)	--	--	--	--	--	--	--	(2,084,458)	--
Transferred to legal reserves (Note 32/b)	--	2,084,458	--	--	--	--	--	888,854	888,854
Translation differences (Note 32/c)	--	--	--	--	--	--	--	(2,500,000)	--
Transferred to general reserve (Note 32/c)	--	--	--	--	2,500,000	--	--	--	--
Transferred to capital reserve (Note 32/c)	--	--	--	--	--	21,625	--	(21,625)	--
Transferred to banking risk reserve during the year	--	--	--	--	--	--	--	--	--
Balance as of 31/12/2012	150,000,000	49,550,526	3,712,331	3,337,162	8,791,493	713,920	(15,232,203)	30,666,694	231,539,923

- The accompanying Notes from (1) to (38) are an integral part of these financial statements.

Vice Chairman of the Board
And Managing Director

HASSAN ABDEL MEGUID

Vice Chairman of the Board
And Managing Director

MOHAMMED NAGUIB IBRAHIM

**PROPOSED STATEMENT OF PROFIT APPROPRIATION
FOR THE YEAR ENDED DECEMBER 31, 2012**
(All Amounts are Expressed in US Dollars)

	31/12/2012	31/12/2011
Net profit for the year	28,151,881	20,866,207
Less:		
Gain from sale of fixed assets transferred to capital reserve according to the law	--	(21,625)
General Banking Risk Reserve	(81,125)	(658,789)
Net profit for the year available for appropriation	28,070,756	20,185,793
Add:		
Retained earnings at beginning of the year	2,514,813	3,117,598
Total	30,585,569	23,303,391
Appropriated as follows:		
Legal reserve	2,815,188	2,084,458
General reserve	2,500,000	2,500,000
Shareholders' dividends	12,375,000	9,750,000
Employees profit share	7,210,000	5,500,000
Board of Directors' remuneration	1,200,000	954,120
Retained earnings at end of the year	4,485,381	2,514,813
Total	30,585,569	23,303,391

Vice Chairman of the Board
And Managing Director
HASSAN ABDEL MEGUID

Vice Chairman of the Board
And Managing Director
MOHAMMED NAGUIB IBRAHIM

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

1. THE BANK'S ACTIVITY

Societe Arabe Internationale de Banque (SAIB) provides retail, corporate banking and investment banking services in Egypt through 21 branches and employs 956 people in the balance sheet date.

The bank was established in accordance with Law No. 43 for 1974 and the Head office is located in 56 Gamaet El Dewal El Arabeya St, Giza. The Bank is listing on the Cairo & Alex stock exchange.

The Board has approved the financial statements at January 29, 2013. (The General Assembly of the Shareholders has the right to modify these statements after issuing it).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED

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.

a. Basis for Preparation of Financial Statements

The financial statements were prepared in accordance with the Egyptian Financial Reporting issued in 2006 and its amendments 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 standards referred to, and on the basis of historical cost as modified by the revaluation of financial assets and liabilities held for trading and the financial assets and liabilities at fair value through profit or loss and the financial investments available for sale.

b. Associates companies

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

The purchase method is used for the accounting of the acquisitions of the companies by the Bank. The acquisition cost is measured at fair value, or the assets offered by the bank as return for purchase and/or the tools of property rights issued and/or obligations incurred by the Bank and/or the obligations accepted on behalf of the company acquired at the date of exchange, plus any costs directly attributable to the acquisition process. The net assets are measured, including contingent liabilities identifiable acquired by fair value at the date of acquisition.

The investments are evaluated in the associates company, by the financial statements of the bank according to the equity method under which the investment in any company is proven initially in any associates company by the cost then the balance of the investment increases or decreases to prove the Bank's share of profits or losses of the company invested in after the acquisition company. That share is proven under the note "Profit or loss of investments in associates companies" in the income statement during the preparation of the financial statements. The balance of the investment is decreased by the value of dividends gained from the company invested in.

c. 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.

d. Foreign currency translation

d-1 Functional and presentation currency

Transactions are recorded during the year in their original currency. For reporting the financial statements of the bank in US Dollars, at the end of each fiscal period, all assets, liabilities, shareholders' equity and expenses and revenues recorded in a currency other than the US Dollar (except those recorded in Egyptian pounds), are translated to US Dollars using the average international exchange rates (buy – sell). Balances shown in Egyptian pounds are translated to US Dollars using the official exchange rates. This translation has no effect on the income statement.

e. 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 the initial recognition.

e-1 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.
- Financial assets are classified 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 amortized 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, and they are designated at fair value through profit and loss.
- Profits and losses arising from changes in fair value of financial derivatives, which are managed in conjunction with the assets or financial liabilities classified at fair value through profit and loss and that in the income statement "item Net income from financial instruments classified at fair value when recognition through profit and loss".
- Any financial derivative of a valued financial instruments at fair value is not reclassified Through profit and loss during the retention period . It also does not re-classify 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 which are reclassified in the periods that begin form first of January 2009 it is reclassified according to the fair value in the date of reclassification.
- Bank in all conditions does not reclassify any financial instrument moving to groups of financial instruments reclassified with fair value from profit and loss or to financial assets groups for trading.

e-2 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:

- Those that the bank intends to sell immediately or in the short term, which is classified as held for trading, or those that the bank upon initial recognition designates at fair value through profit or loss.
- Those that the bank upon initial recognition designates as available for sale.
- Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

e-3 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.

e-4 Available-for-sale financial assets

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

The following is applied to financial assets

- Regular-way purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognized on trade-date – the date on which the Bank commits to purchase or sell the asset.
- Financial assets are initially recognized 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 recognized at fair value, and transaction costs are expensed in the income statement.
- Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized 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 amortized cost.
- Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired. At this time, the cumulative gain or loss previously recognized in equity is recognized in profit or loss.
- Interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognized in the income statement. Dividends on available-for-sale equity instruments are recognized 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 bid prices is unavailable, 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 could not assess the value of the equity classified as available for sale, these instruments should be valued at cost and will be subjected to impairment test.

- The Bank reclassify 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 a 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 a 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 actual payments or receipts and amended estimates 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 then it is 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.
 -
- f. 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 recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.
 - The agreements to buy treasury bills with a commitment to re-sale and agreements to sale treasury bills with a commitment to re-purchase on a net basis within the balance sheet included in treasury bills and other eligible bills.

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

When loans or debts are classified as non-performing or impaired ,related interest income are not recognized but rather ,are carried off balance sheet in statistical records and are recognized under revenues according to cash basis as per the following:

- 1- When it is collected and this is after redeeming all dues of consumer loans and personnel mortgages also small loans for economic activities
- 2- 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.

h. Fee and commission income

Fees and commissions are generally recognized 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 note no (2-g) 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 recognized 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 recognized on completion of the underlying transaction.

Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time- apportionate basis. Asset management fees related to investment funds are recognized ratably 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 recognized when the performance criteria are fulfilled.

i. Dividend income

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

j. Purchase and resale agreements and sale and repurchase agreements

Financial instruments are sold under agreements to repurchase it within the assets added to the balances of the Treasury bills and other governmental papers in the balance sheet. The liability is displayed (purchase agreements and resale) deducted from the balances of the Treasury bills and other governmental papers in the balance sheet. The difference between the sale price and the repurchase price is recognized as income to be accrued throughout the duration of the agreements by using the actual rate of return method.

k. Impairment of financial assets

k-1 Financial assets carried at amortized 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:

- Great financial troubles facing the borrower or debtor.
 - Breach of contract such as a default or delinquency in interest or principal payments.
 - Expected bankruptcy of borrower or upon being subject to liquidation lawsuit or to re-structuring the finance granted to it.
 - Deterioration of competitive position of borrower.
 - Granting privilege or assignments by the bank to the borrower, due to economic or legal reasons related to the financial troubles, which are not granted by the bank in the normal course of business.
 - Impairment of guarantee
 - Deterioration of creditworthiness.
- A substantive evidence for impairment loss of the financial assets is the existence of clear information indicating a measurable decline in the expected future cash flows of such category since initial recognition though such decline is not identifiable for each individual asset.
- The bank estimates the period between the loss event and identifying thereof for each specific portfolio. In general, the period 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. Taking into account the following:
- 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 based on historical loss rates.
- Assets that are individually assessed for impairment and for which an impairment loss is continues to be recognized are not included in a collective assessment of impairment.
- If the previous assessment resulted in the absence of impairment loss then the assets is included into the group.
- The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement.

- If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

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

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

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

k-2 Available for sale financial assets

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired.

During the period starting from January 1, 2009 for listed equity instruments the need to book impairment is analyzed as soon as a significant and prolonged decline of their price below their acquisition cost is observed. The decline in value is considered significant for the equity instruments if it reaches 10% of the financial instrument's cost, and it is considered prolonged if it extended for a period of more than 9 months. Impairment losses recognized 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 recognized in profit or loss, the impairment loss is reversed through the income statement.

i. Intangible assets

1-1 Goodwill

Goodwill represents the difference between the cost of the combination and the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree at the acquisition date. The extent of goodwill impairment is to be annually checked, while goodwill amortization of 20% or impairment amount, whichever is bigger, is to be charged to income.

1-2 Software (computer programs)

The expenses, related to upgrading or maintenance of computer programs, are to be recognized as expenses in income statement, upon being incurred. The expenses related directly with specific software and which are subjected to the bank's control and expected to produce economic benefits exceeding their cost for more than one year, are to be recognized as an intangible asset. The direct expenses include cost of staff in software upgrading teamwork, in addition to a suitable portion of respective overhead expenses.

The expenses which lead to increase or expansion of computer software beyond their original specification are recognized as an upgrading cost and are added to the original software cost.

The computer software cost recognized, as an asset shall be amortized over the period expected useful life not more than 3 years.

1-3 Other intangible assets

The intangible assets other than goodwill and computer programs (for example, trademarks, licenses, benefits of rental contracts). Other intangible assets are stated at the cost of acquisition and depreciated on a straight-line method or on the basis of the economic benefits expected from it, and that over the estimated useful lives, and for assets that do not have a specific useful life, it is not depreciated, it is tested every year for any impairment (if any) it will be recognized on the income statement.

m. Fixed Assets

Land and buildings comprise mainly branches, offices and head offices. All property, plant and equipment is stated at historical cost less depreciation and accumulated 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 recognized 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 expenses 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
Computers and Core Systems	5 years
Vehicles	5 years
Fixtures and fittings	5 years
Equipments	5 years
Furniture	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to amortization 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.

n. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization (except for goodwill) and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

o. 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.

o-1 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

p. 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.

q. Other provisions

Provisions for restructuring costs and legal claims are recognized 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 recognized 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 is allocated in the item of other operating income (expense).

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

r. Financial guarantees

The financial collateral contracts are contracts issued by the bank as security for loans or debit current accounts due from its clients to other entities which require the bank to make certain payments for compensating the beneficiary for a loss incurred due to default on the part of the debtor on maturity date, in accordance with conditions of the debt instruments. These financial guarantees are presented to the banks, corporation and other entities on behalf of the bank's clients.

The fair value shall be recognized initially in the financial statements, on date of granting the security. This fair value shall reflect the fee for this security. Consequently the bank's obligation shall be measured by virtue of the guarantee contract on the basis of the first measurement amount less amortization calculated for recognition of security fees in the income statement, according to the straight line method over the guarantee life term, or based on the best estimate for payments required for settlement of any financial obligation resulting from the financial guarantee on date of balance sheet. Whichever is higher. Such estimates are made based on experience in similar transactions and the historical losses as confirmed by management judgment.

Any increase in the obligations resulting from the financial guarantee, shall be recognized within other operating income (expenses) item.

s. Income tax

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

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

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

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

t. Borrowing

Loans, received by the bank, are recognized first by fair value less the cost of obtaining the loan. The loan is later measured by the amortized cost, and the income statement is charged with the difference between the net proceeds and the value that will be met over the period of borrowing using the actual return.

u. Capital

u-1 Capital issuance cost

Expenses directly attributed to the issuance of the new shares. Issuance of shares to effect acquisition, or issuance of shares options are charged to equity net of tax.

u-2 Dividends

Dividends deducted from 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 as prescribed by articles of association and law.

u-3 Treasury shares

In case the bank purchase capital's shares, the amount is deducted from the total equity as it represents the cost of treasury shares until it canceled, and in case of sale those shares or re-released in a subsequent period all collections is added to the equity.

v. Fiduciary activities

The bank practices the fiduciary activities that result in ownerships or management of assets on behalf of individuals, trust, and retirement benefit plans and other institution. These assets and income arising thereon are excluded from the bank's financial statements, as they are not assets of the bank.

w. Comparative figures

The comparative figures shall be re-classified, when necessary, to be in conformity with the changes to presentation used in the current year.

3. Financial risk management

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

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

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

a. Credit risk

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

a-1 Credit risk measurement

- 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

- The probability of default' by the client or counterparty on its contractual obligations.
- Current exposures to the counterparty and its likely future development, from which the Bank derive the 'exposure at default.
- The likely recovery ratio on the defaulted obligations (the loss given default).

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

Bank's internal ratings scale

<u>Bank's rating</u>	<u>Description of the grade</u>
1	Performing loans
2	Regular watching
3	Watch list
4	Non-performing loans

The credit center exposed to failure depend on the amounts which the bank expect to be stand upon the delay, for example, the loans this center is nominal value, for other links, the bank include all the withdrawn amounts in addition to the other amounts that are expected to be drawn till the date of delay. If happened.

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.

- Debt securities, Treasury bills and other bills

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

a-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 , group, product, industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any borrower including banks 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 and compared 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.

- 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 inventory and equipments.
- Mortgage financial instruments such as debt securities and equities.

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

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

- Credit-related commitments

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

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

a-3 Impairment and provisioning policies

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

Bank's rating	31/12/2012		31/12/2011	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1-Performing loans	68.86	10.33	74.02	11.54
2-Regular watching	23.80	4.29	18.41	3.40
3-Watch list	0.06	0.01	0.72	0.12
4-Non performing loans	7.28	85.37	6.85	84.94
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

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

- Great financial troubles facing the borrower or debtor.
- Breach of contract such as a default or delinquency in interest or principal payments.
- Expected bankruptcy of borrower or upon being subject to liquidation lawsuit or to re-structuring the finance granted to it.
- Deterioration of competitive position of borrower.
- Granting privilege or assignments by the bank to the borrower, due to economic or legal reasons related to the financial troubles, which are not granted by the bank in the normal course of business.
- Impairment of guarantee
- Deterioration of creditworthiness.

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

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

a-4 Pattern of measuring the danger of general banking activities

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

The bank calculates the provisions needed for assets facing credit risk impairment in addition to credit regulations according to special percentages .From CBE , in the case of increase of impairment loss provision needed according to CBE than that for purposes of making the financial statements according to the Egyptian accounting standards ,the risk of general banking reserve is included in owners equity deducted from the retained earning with this increase , this reserve is modified with periodic basis with the increase and decrease , which equals the increase in provisions and this reserve is not distributed , discloser no.(31) present the movement on the reserve account during the fiscal year.

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

CBE Rating	Categorization	Provision %	Internal Rating	Internal Rating Indication
1	Low Risk	0	1	Good Loans
2	Average Risk	1%	1	Good Loans
3	Satisfactory Risk	1%	1	Good Loans
4	Reasonable Risk	2%	1	Good Loans
5	Acceptable Risk	2%	1	Good Loans
6	Marginally Acceptable Risk	3%	2	Normal Follow Up
7	Watch list	5%	3	Special Follow Up
8	Substandard	20%	4	Non Performing loans
9	Doubtful	50%	4	Non Performing loans
10	Bad Debt	100%	4	Non Performing loans

a-5 Maximum exposure to credit risk before collateral

	31/12/2012 US Dollar	31/12/2011 US Dollar
Credit risk exposures relating to on-balance sheet assets are as follows:		
Treasury bills	609,710,661	169,647,050
Loans and facilities to customers:		
Loans to individuals:		
-Debit current accounts	48,249,882	37,365,596
-Credit cards	3,681,177	2,886,594
-Personal loans	32,568,792	39,441,507
-Real estate loans	1,130,610	1,216,332
Loans to corporate:		
-Debit current accounts	245,180,462	268,790,585
-Direct loans	73,360,219	50,070,523
-Syndicated loans	248,795,566	255,109,323
-Other loans	3,172,158	3,584,056
Financial investments		
-Debt instrument	1,037,110,868	865,208,360
Other assets	45,753,137	27,107,868
Total	2,348,713,532	1,720,427,794
Credit risk exposures relating to off-balance sheet assets are as follows:		
Letter of Credit	43,637,848	26,933,471
Letter of guarantee	77,415,552	88,964,505
Total	121,053,400	115,897,976

The above table represents the worst-case scenario of credit risk exposure to the Bank at 31 December 2012 and at 31 December 2011, without taking in consideration any guarantee for balance sheet items, amounts stated depend on the net carrying amounts shown in the balance sheet.

- As shown above, 27.94 % of the maximum limit exposed to credit risk results from loans and facilities to customers at 31 December 2012 against 38.27% at 31 December 2011 while investments in debt instruments represent 44.16% at 31 December 2012 against 50.29% at 31 December 2011.
- Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the bank resulting from both its loan and advances portfolio and debt securities based on the following:
- 92.66% of the loans and advances portfolio is categorized in the top two grades of the internal rating system against 92.43% at 31 December 2011.
- 91.90% of the loans and advances portfolio are considered neither past due nor impaired against 92.69% at 31 December 2011.

- The bank has introduced a more stringent selection process upon granting loans and advances during the financial year ended at 31 December 2012.
- More than 91.94% at 31 December 2012 against 88.95% at 31 December 2011 from investments in debt instruments and treasury bills represent debt instruments on the Egyptian Government.

a-6 Loans and facilities

The status of balances of loans and facilities in terms of credit ratings as follow:

	<u>31/12/2012</u> <u>US Dollar</u>	<u>31/12/2011</u> <u>US Dollar</u>
Loans and facilities		
Neither past due nor impaired	654,112,432	664,948,969
Past due but not impaired	5,786,066	3,322,529
Individually impaired	51,831,850	49,144,288
Gross	711,730,348	717,415,786
Less:		
Provision for Impairment losses	(48,844,322)	(47,739,500)
Reserved interest	(6,737,036)	(8,000,198)
Advanced interest	(5,630,811)	(9,039,621)
Net	650,518,179	652,636,467

- Total impairment expenses for loans and facilities amounted to US Dollar 43,223,635 at 31 December 2012 against US Dollar 41,911,451 at 31 December 2011. Note (19) include additional information on the provision for impairment losses for loans and facilities to customers.

Loans and facilities neither past due nor impaired

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

	<u>Loans and facilities to customers</u> <u>31/12/2012</u> <u>(US Dollar)</u>									
	<u>Individual (retail customers)</u>					<u>Corporate entities</u>				
	<u>Debit current accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real estate loans</u>	<u>Debit current accounts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Other loans</u>	<u>Total Loans and facilities to customers</u>	
1-Performing loans	23,816,934	16,819	--	1,041,856	183,792,057	72,873,533	205,091,352	558,186	487,190,737	
2-Regular watching	24,388,205	3,222,658	33,243,848	--	59,995,082	1,284,670	41,775,862	2,560,115	166,470,440	
3-Watch list	--	--	--	--	451,255	--	--	--	451,255	
	48,205,139	3,239,477	33,243,848	1,041,856	244,238,394	74,158,203	246,867,214	3,118,301	654,112,432	
	<u>31/12/2011</u> <u>(US Dollar)</u>									
	<u>Individual (retail customers)</u>					<u>Corporate entities</u>				
	<u>Debit current accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real estate loans</u>	<u>Debit current accounts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Other loans</u>	<u>Total Loans and facilities to customers</u>	
1-Performing loans	22,162,586	17,380	--	1,332,869	236,200,262	49,511,792	221,564,389	1,155	530,790,433	
2-Regular watching	15,225,573	2,664,062	41,405,316	--	34,227,859	1,724,407	31,000,000	2,780,100	129,027,317	
3-Watch list	--	--	--	--	9,423	--	5,121,796	--	5,131,219	
	37,388,159	2,681,442	41,405,316	1,332,869	270,437,544	51,236,199	257,686,185	2,781,255	664,948,969	

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

Loans and facilities past due but not impaired

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

31/12/2012 (US Dollar)					
Individual (retail customers)					
	<u>Debit current accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real estate loans</u>	<u>Total</u>
Past due up to 30 days	--	451,111	1,843,337	218,753	2,513,201
Past due 30- 60 days	--	--	252,885	--	252,885
Past due 60-90 days	--	--	40,508	--	40,508
Past due 90-120 days	--	--	23,863	--	23,863
Past due 211 days	--	--	11,400	--	11,400
Total	--	451,111	2,171,993	218,753	2,841,857
2,171,993					
Corporate entities					
	<u>Debit current accounts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Other loans</u>	<u>Total</u>
Past due up to 30 days	2,882,827	61,382	--	--	2,944,209
Total	2,882,827	61,382	--	--	2,944,209
31/12/2011 (US Dollar)					
Individual (retail customers)					
	<u>Debit current accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real estate loans</u>	<u>Total</u>
Past due up to 30 days	--	194,746	2,724,879	33,572	2,953,197
Past due 30- 60 days	--	--	83,753	--	83,753
Past due 60-90 days	--	--	38,123	--	38,123
Past due 90-120 days	--	--	951	--	951
Total	--	194,746	2,847,706	33,572	3,076,024
Corporate entities					
	<u>Debit current accounts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Other loans</u>	<u>Total</u>
Past due up to 30 days	246,505	--	--	--	246,505
Total	246,505	--	--	--	246,505

- On initial recording of loans and facilities .the fair value of guarantee is assessed based on valuation methods used for similar assets. In subsequent period, fair value is updated to reflect market price or price of similar assets.

Loans and facilities individually impaired

- Balance of loans and facilities subject to individual impairment before taking into consideration cash flow from guarantee amounted to US Dollar 51,831,850 at 31 December 2012 against US Dollar 49,144,288 at 31 December 2011.
- Below is a breakdown in total value of the loans and facilities subject to individual impairment :

31/12/2012 (US Dollar)									
Individual (retail customers)									
	<u>Debit current accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real estate loans</u>	<u>Debit current accounts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Other loans</u>	<u>Total Loans and facilities to customers</u>
Individually impaired loans and facilities	78,824	1,029,637	9,504,344	401,543	950,200	29,787	5,496,557	34,340,958	51,831,850
Corporate entities									
	<u>Debit current accounts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Real estate loans</u>	<u>Debit current accounts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Other loans</u>	<u>Total Loans and facilities to customers</u>
Individually impaired loans and facilities	21,452	790,001	10,576,766	436,300	1,177,384	89,964	--	36,052,421	49,144,288

a-7 Debt securities and other governmental securities

The table below presents an analysis of debt securities and other governmental securities by rating agency designation at the end of the year, based on Standard & Poor's ratings or their equivalent:

	<u>Treasury bills</u>	<u>Investment securities</u>	<u>Total</u>
	<u>US Dollar</u>	<u>US Dollar</u>	<u>US Dollar</u>
AA- to AA+	--	25,984,173	25,984,173
A- to A+	--	14,875,579	14,875,579
Lower than A-	609,710,661	996,251,116	1,605,961,777
Total	609,710,661	1,037,110,868	1,646,821,529

a-8 Concentration of risks of financial assets with credit risk exposure

- Geographical sectors

The following table breaks down the bank's main credit exposure at their carrying amounts, as categorized by geographical sector as of 31 December 2012. When this table was prepared, the risk was distributed on the geographical sectors according to the areas related to the bank's clients.

(US Dollar)

	<u>Cairo</u>	<u>Alex, Delta & Sinai</u>	<u>Upper Egypt</u>	<u>Others</u>	<u>Total</u>
Treasury bills	609,710,661	--	--	--	609,710,661
Loans and facilities to customers:					
Loans to individuals:					
-Debit current accounts	38,664,389	9,609,825	332	9,417	48,283,963
-Credit cards	3,597,742	1,095,123	12,727	14,634	4,720,225
-Personal loans	27,063,089	17,704,161	152,935	--	44,920,185
-Real estate loans	1,208,077	189,841	264,235	--	1,662,152
Loans to corporate:					
-Debit current accounts	176,349,485	71,721,841	53	40	248,071,421
-Direct loans	59,317,704	13,544,704	1,386,963	--	74,249,372
-Syndicated loans	232,730,777	19,632,994	--	--	252,363,771
-Other loans	23,158,287	14,300,973	--	--	37,459,259
Derivative financial instruments					
-Financial investments	817,185,224	--	--	219,925,644	1,037,110,868
-Debt instruments	1988,985,435	147,799,462	1,817,245	219,949,735	2,358,551,877
Total in 31/12/2012	1,387,074,256	132,754,725	2,663,669	229,778,546	1,752,271,196
Total in 31/12/2011					

Business sectors

The following table breaks down the bank's main credit exposure at their carrying amounts, as categorized by the business sectors of our business of the bank's clients:

	(US Dollar)							
	Financial institutions	Manufacturing	Real estate	Commercial	Governmental	Other industries	Individuals	Total
Treasury bills	--	--	--	--	609,710,661	--	--	609,710,661
Loans and facilities to customers:								
Loans to individuals:								
-Debit current accounts	--	--	--	--	--	--	48,283,963	48,283,963
-Credit cards	--	--	--	--	--	--	4,720,225	4,720,225
-Personal loans	--	--	--	--	--	--	44,920,185	44,920,185
-Real estate loans	--	--	--	--	--	--	1,662,152	1,662,152
Loans to corporate:								
-Debit current accounts	19,520,913	139,441,425	3,336,489	70,158,418	--	15,614,176	--	248,071,421
-Direct loans	43,265,650	22,147,106	4,520,105	1,162,015	--	3,154,496	--	74,249,372
-Syndicated loans	--	82,263,676	13,563,189	4,260,862	--	152,276,044	--	252,363,771
-Other loans	--	23,424,332	--	8,926,643	--	5,108,284	--	37,459,259
Derivative financial instruments								
-Financial investments	128,657,339	4,139,014	--	--	904,314,515	--	--	1,037,110,868
-Debt instrument	191,443,902	271,415,553	21,419,783	84,507,938	1,514,025,176	176,153,000	99,586,525	2,358,551,877
Total in 31/12/2012	189,256,075	276,001,329	20,630,590	79,795,201	920,524,237	168,355,435	97,708,329	1,752,271,196
Total in 31/12/2011								

b. Market risk

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

The market risks arising from trading and non-trading activities are concentrated in the Bank in the risk management department.

Trading portfolios include those positions arising from market-making transactions where the Bank acts directly as principal with clients or with the market, Non-trading portfolios primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Bank's held-to-maturity and available-for-sale investments.

b-1 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 at end of the year. Included in the table are the Bank's financial instruments at carrying amounts, categorized by currency.

(Equivalent to US Dollar)

	LE	USD	GBP	Euro	JPY	CHF	SAR	Other	Total
Balance at 31-12-2012									
Financial Assets									
Cash and due from Central Bank of Egypt	87,737,268	7,421,041	55,421	1,456,949	--	101,573	389,154	78,249	97,239,655
Due from banks	126,237	80,170,269	6,689,148	3,381,435	99,672	410,645	442,995	236,295	91,556,696
Treasury bills	252,965,432	315,375,281	--	41,369,948	--	--	--	--	609,710,661
Trading Financial Assets	--	--	--	--	--	--	--	--	--
Loans and Facilities for customers	483,428,851	164,285,901	49	8,423,893	--	172	--	--	656,138,866
Financial Investments:									
-Available for sale investments	792,958,898	181,567,856	--	--	--	--	--	--	974,526,754
-Held to maturity investments	42,276,681	39,344,394	--	--	--	--	--	--	81,621,075
-Other assets	41,993,143	3,697,683	(659)	62,974	(4)	--	--	--	45,753,137
Total financial Assets	1,701,486,510	791,862,425	6,743,959	54,695,199	99,668	512,390	832,149	314,544	2,556,546,844
Financial liabilities									
Due to banks	126,746,135	21,761,736	45,187	4,553,119	33,948	--	--	--	153,140,125
Customers' deposits	1,443,641,980	527,217,539	6,614,230	49,630,560	435,011	435,594	809,736	116,065	2,028,900,715
Other loans	9,193,966	--	--	--	--	--	--	--	9,193,966
Other liabilities	136,460,263	3,717,780	4,597	206,803	60	--	9,963	--	140,399,466
Total financial Liabilities	1,716,042,344	552,697,055	6,664,014	54,390,482	469,019	435,594	819,699	116,065	2,331,634,272
Net Financial Position at 31-12-2012	(14,555,834)	239,165,370	79,945	304,717	(369,351)	76,796	12,450	198,479	224,912,572
Balance at 31-12-2011									
Total financial assets	1,346,752,088	599,984,053	5,196,882	33,430,030	418,498	1,037,745	693,466	3,196,944	1,990,709,706
Total financial liabilities	1,352,408,951	380,765,891	5,108,329	33,502,440	349,466	1,019,411	637,636	2,751,749	1,776,543,873
Net Financial Position at 31-12-2011	(5,656,863)	219,218,162	88,553	(72,410)	69,032	18,334	55,830	445,195	214,165,833

b-2 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 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.

c. 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.

- 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.

- Funding approach

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

d. Fair value of financial assets and liabilities

- 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 facilities to customers

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

- Investment securities

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

- Due to other banks and customers

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.

e. Capital management

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

- Compliance with capital legal requirements in Egypt.
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth.
- Capital adequacy and uses are reviewed according to the regulatory authority's requirements (CBE) by the bank's management through guidelines developed by the Basel Committee; Data are submitted and filed at CBE on a quarterly basis.

The CBE requires each bank to:

- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a ratio between capital elements, and assets and contingent liability elements weighted by risk weights at 10% or more.

The dominator of capital adequacy comprises the following 2 tiers:

- The first tier:

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

- The second tier:

It is the subordinate capital, which consists of the equivalent of the risk allocation year provision 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, held to maturity and investments in subsidiaries.

On calculating the total numerator of capital adequacy, it is to be considered that tier 2 should not be greater than tier 1, and subordinate loans (deposits) should not be greater than 50% of tier 1.

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 bank has committed to all of the domestic capital requirements over the past two years and the following table summarizes the composition of the basic and supporting capital, and capital adequacy ratios at the end of those two years (per thousand Egyptian pounds), which according to the balance sheet data at December 31, 2012 and sent to the Central Bank of Egypt :

	<u>31/12/2012</u> <u>Value per</u> <u>thousand</u> <u>EGP</u>	<u>31/12/2011</u> <u>Value per</u> <u>thousand</u> <u>EGP</u>
Capital		
Tier 1 capital (Basic Capital)		
Capital shares	718,132	716,983
General reserves	191,678	164,003
Retained earning	15,169	18,097
Total Basic capital	<u>924,979</u>	<u>899,083</u>
Tier 2 capital (Supporting Capital)		
The equivalent of the provision for general reserve	52,369	50,391
45% of the increase in the fair value compared to the book value of available for sale investment, investments held to maturity, and investment in affiliates and subsidiaries.	--	--
Total Bookends capital	<u>52,369</u>	<u>50,391</u>
Total capital	<u>977,348</u>	<u>949,474</u>
Risk weighted assets and contingents liabilities :		
Assets in the balance sheet	8,628,770	6,314,410
Contingent liabilities	228,687	220,075
Total risk weighted assets and contingent liabilities	<u>8,857,457</u>	<u>6,534,485</u>
Capital adequacy ratio (%)	<u>11.03%</u>	<u>14.53%</u>

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 facilities

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 make judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flow from a portfolio of loans before the decrease can be 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 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.

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 deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

C) 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. There for the bank tests whether there is a genuine 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 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 in addition to suspending the classification of any of the investments in that item.

If the use of the classification of the investments is suspended as held to maturity, it will (reduce) the book value of US Dollars 1,299,331 to fair value by recording an entry in the fair value reserve within the equity.

5. Sectorial Analysis

A – Sectorial Analysis for activities

Sectorial activity includes operations and assets used in providing banking services and managing risks surrounding it and the income associated with this activity that may differ from the rest of the other activities.

The sectorial analysis of operations includes, according to the received banking operations, the following:

The large, medium and small enterprises.

Activities include current accounts, deposits, and debit current accounts and loans and credit facilities and financial derivatives.

Investments

Activities include company mergers and purchase of investments and financing of corporate restructuring and financial instruments.

Individuals

Activities include current and savings accounts, deposits, credit cards, personal loans and mortgages.

Other Activities

Include other banking services, such as money management.

Transactions between sectorial activities are held in accordance with the standard cycle of activity of the bank. The assets and liabilities include operating assets and liabilities as displayed in the financial position of the bank.

Assets and Liabilities according to the Sectorial Activity

	31/12/2012			(US Dollar)
	Entities	Individuals	Other	
<u>Assets</u>				<u>Total</u>
Cash and due from Central Bank of Egypt	--	--	97,239,655	97,239,655
Due from banks	--	--	91,556,696	91,556,696
Treasury bills	--	--	609,710,661	609,710,661
Trading Financial Assets	--	--	--	--
Loans and Facilities for customers (After deducting the provision)	85,630,461	570,508,405	--	656,138,866
Available for sale financial investments	146,418,866	--	828,107,888	974,526,754
Held to maturity financial investments	9,438,168	--	72,182,907	81,621,075
Investments at associates companies	161,576	--	--	161,576
<u>Unsorted Assets</u>				
Intangible assets	--	--	286,446	286,446
Other assets	--	--	45,753,137	45,753,137
Fixed Assets (After deducting accumulated depreciation)	--	--	15,049,158	15,049,158
<u>Total Assets</u>	<u>241,649,071</u>	<u>570,508,405</u>	<u>1,759,886,548</u>	<u>2,572,044,024</u>

Assets and Liabilities according to the Sectorial Activity

(US Dollar)

	<u>31/12/2012</u>			
	<u>Entities</u>	<u>Individuals</u>	<u>Other</u>	
<u>Liabilities</u>	<u>Total</u>			
Due to banks	153,140,125	--	--	153,140,125
Customers' deposits	1,247,237,272	781,663,443	--	2,028,900,715
Other loans	--	--	9,193,966	9,193,966
Other liabilities	--	--	140,399,466	140,399,466
Other provisions	--	--	8,683,986	8,683,986
Deferred tax liabilities	--	--	185,843	185,843
Total Liabilities	1,400,377,397	781,663,443	158,463,261	2,340,504,101
Total Equity	--	--	--	231,539,923

Assets and Liabilities according to the Sectorial Activity

(US Dollar)

	<u>31/12/2011</u>			
	<u>Entities</u>	<u>Individuals</u>	<u>Other</u>	
<u>Assets</u>	<u>Total</u>			
Cash and due from Central Bank of Egypt	--	--	112,961,818	112,961,818
Due from banks	93,795,060	--	40,313,000	134,108,060
Treasury bills	--	--	169,647,050	169,647,050
Trading Financial Assets	391,892	--	--	391,892
Loans and Facilities for customers (After deducting the provision)	577,554,487	80,910,029	--	658,464,516
Available for sale financial investments	129,537,607	--	605,199,634	734,737,241
Held to maturity financial investments	11,960,624	--	141,330,637	153,291,261
Investments at associates companies	209,584	--	--	209,584
Unsorted Assets				
Intangible assets	--	--	498,928	498,928
Other assets	--	--	27,107,868	27,107,868
Fixed Assets (After deducting accumulated depreciation)	--	--	12,826,008	12,826,008
Total Assets	813,449,254	80,910,029	1,109,884,943	2,004,244,226

Assets and Liabilities according to the Sectorial Activity

(US Dollar)

	<u>31/12/2011</u>			
	<u>Entities</u>	<u>Individuals</u>	<u>Other</u>	<u>Total</u>
Liabilities				
Due to banks	36,351,403	--	--	36,351,403
Customers' deposits	955,140,391	652,897,901	--	1,608,038,292
Other loans	--	--	6,631,408	6,631,408
Other liabilities	--	--	125,522,770	125,522,770
Other provisions	--	--	7,490,418	7,490,418
Deferred tax liabilities	--	--	245,323	245,323
Total Liabilities	991,491,794	652,897,901	139,889,919	1,784,279,614
Total Equity	--	--	--	219,964,612

6. Net Interest Income

	<u>For the Financial year from 1/1/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/1/2011 to 31/12/2011 US Dollar</u>	<u>For the Financial year from 1/10/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/10/2011 to 31/12/2011 US Dollar</u>
<u>Loans Interest and similar income</u>				
Loans and facilities to clients	67,702,754	63,460,942	17,043,087	16,319,990
Treasury Bonds	133,515,861	86,514,220	41,614,784	22,186,261
Deposits and current accounts	1,506,436	1,620,860	176,885	1,005,153
	<u>202,725,051</u>	<u>151,596,022</u>	<u>58,834,756</u>	<u>39,511,404</u>
<u>Deposits cost and similar costs</u>				
Deposits and current accounts:				
-Banks	(5,070,680)	(4,763,721)	(3,019,832)	(99,775)
-Clients	(130,470,647)	(93,912,157)	(35,639,680)	(25,398,709)
Operations of financial instruments with repurchase commitment	(795,159)	--	(576,964)	--
Other loans	(459,096)	(187,220)	(118,962)	(106,328)
	<u>(136,795,582)</u>	<u>(98,863,098)</u>	<u>(39,355,438)</u>	<u>(25,604,812)</u>
Net	<u>65,929,469</u>	<u>52,732,924</u>	<u>19,479,318</u>	<u>13,906,592</u>

7. Net Fees and Commission Income

	<u>For the Financial year from 1/1/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/1/2011 to 31/12/2011 US Dollar</u>	<u>For the Financial year from 1/10/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/10/2011 to 31/12/2011 US Dollar</u>
<u>Fees & Commissions Income :</u>				
Fees & Commissions Related to				
Credit	12,313,444	11,101,613	3,169,894	2,742,722
Custody Fees	327,702	317,364	18,777	21,520
Other Fees	3,625,194	3,366,106	971,864	820,824
	<u>16,266,340</u>	<u>14,785,083</u>	<u>4,160,535</u>	<u>3,585,066</u>
<u>Fees & Commissions expenses</u>				
Other Fees Paid	(324,839)	(262,279)	(78,022)	(61,448)
	<u>(324,839)</u>	<u>(262,279)</u>	<u>(78,022)</u>	<u>(61,448)</u>
Net	<u>15,941,501</u>	<u>14,522,804</u>	<u>4,082,513</u>	<u>3,523,618</u>

8. Dividends

	<u>For the Financial year from 1/1/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/1/2011 to 31/12/2011 US Dollar</u>	<u>For the Financial year from 1/10/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/10/2011 to 31/12/2011 US Dollar</u>
Available for sale securities Investments fund held to maturity	1,164,900 20,648 <u>1,185,548</u>	1,375,323 57,106 <u>1,432,429</u>	101,268 4,102 <u>105,370</u>	14,348 10,477 <u>24,825</u>

9. Net Trading Income

	<u>For the Financial year from 1/1/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/1/2011 to 31/12/2011 US Dollar</u>	<u>For the Financial year from 1/10/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/10/2011 to 31/12/2011 US Dollar</u>
Foreign exchange transactions:				
Profit From Foreign exchange Trading Equity Instruments Net	4,254,174 129,139 <u>4,383,313</u>	3,055,111 (186,192) <u>2,868,919</u>	1,640,001 -- <u>1,640,001</u>	744,203 (24,354) <u>719,849</u>

10. Administrative expenses

	<u>For the Financial year from 1/1/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/1/2011 to 31/12/2011 US Dollar</u>	<u>For the Financial year from 1/10/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/10/2011 to 31/12/2011 US Dollar</u>
Staff Costs				
Wages & Salaries	27,951,681	25,556,719	7,320,559	6,454,542
Social Insurance	749,083	678,446	196,685	175,362
	<u>28,700,764</u>	<u>26,235,165</u>	<u>7,517,244</u>	<u>6,629,904</u>
Depreciation and amortization	2,419,267	2,340,140	596,260	590,523
Other Administrative Expenses	13,153,129	11,441,744	3,461,560	3,293,605
	<u>44,273,160</u>	<u>40,017,049</u>	<u>11,575,064</u>	<u>10,514,032</u>

- The average monthly that is earned by the twenty ones with the biggest bonuses and salaries at the bank all combined is US Dollars 258,664 ; for the financial year ended 31 December 2012.

11. Other operating revenue (expenses)

	<u>For the Financial year from 1/1/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/1/2011 to 31/12/2011 US Dollar</u>	<u>For the Financial year from 1/10/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/10/2011 to 31/12/2011 US Dollar</u>
Profits from selling Fixed Assets	--	21,625	--	21,625
Operating lease (Expenses) recovery of other provisions (Note 29)	(400,375) (3,974,536)	(340,407) (77,975)	(100,948) (5,217,330)	(101,473) 236,527
Other	4,156,684	7,900	4,156,669	4,448
	<u>(218,227)</u>	<u>(388,857)</u>	<u>(1,161,609)</u>	<u>161,127</u>

12. Impairment (expenses) recovery from credit losses

	<u>For the Financial year from 1/1/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/1/2011 to 31/12/2011 US Dollar</u>	<u>For the Financial year from 1/10/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/10/2011 to 31/12/2011 US Dollar</u>
Loans and facilities for clients	(3,083,820)	(2,084,380)	(691,968)	(275,513)
	<u>(3,083,820)</u>	<u>(2,084,380)</u>	<u>(691,968)</u>	<u>(275,513)</u>

13. Income taxes (expenses)

	<u>For the Financial year from 1/1/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/1/2011 to 31/12/2011 US Dollar</u>	<u>For the Financial year from 1/10/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/10/2011 to 31/12/2011 US Dollar</u>
Current tax*	(15,870,880)	(7,704,523)	(5,949,748)	(2,035,484)
Deferred tax (Note 30)	59,480	40,137	59,480	40,137
	<u>(15,811,400)</u>	<u>(7,664,386)</u>	<u>(5,890,268)</u>	<u>(1,995,347)</u>

*The value of the tax due on the return of treasury bonds and bills for the financial year ended on that date.

14. Earnings per share

Earnings Per share is calculated by dividing the net profit attributable to the shareholders of the Bank excluded the employee's shares and the reward of the Board of Directors from the net profit by the weighted average of ordinary shares issued during the year.

	<u>For the Financial year from 1/1/2012 to 31/12/2012 US Dollar</u>	<u>For the Financial year from 1/1/2011 to 31/12/2011 US Dollar</u>
Net Profit Available for Distribution on shareholders(1)	19,741,881	14,412,087
Weighted average of ordinary issued shares (2)	15,000,000	15,000,000
Basic Earnings Per Share (US Dollar) (1/2)	1.32	0.96

15. Cash and due from Central Bank of Egypt

	<u>31/12/2012 US Dollar</u>	<u>31/12/2011 US Dollar</u>
Cash	25,124,588	19,125,698
Balances with Central Bank (mandatory reserve)	72,115,067	93,836,120
	97,239,655	112,961,818
Balances without interest	97,239,655	112,961,818
	97,239,655	112,961,818

16. Due from Banks

	<u>31/12/2012 US Dollar</u>	<u>31/12/2011 US Dollar</u>
Current Accounts	11,026,541	9,221,645
Deposits	80,530,155	124,886,415
	91,556,696	134,108,060
Central Banks (Except Obligatory Reserve)	53,370,000	40,313,000
Local Banks	28,503,537	37,072,887
Foreign Banks	9,683,159	56,722,173
	91,556,696	134,108,060
Balances without interest	2,675,118	6,584,533
Balances with variable interest	8,351,423	2,637,112
Balances with fixed interest	80,530,155	124,886,415
	91,556,696	134,108,060
Current Balances	91,556,696	134,108,060
	91,556,696	134,108,060

17. Treasury bills

	<u>31/12/2012 US Dollar</u>	<u>31/12/2011 US Dollar</u>
Treasury bills	654,337,979	169,647,050
Sale of Treasury bills with repurchase commitment	(44,627,318)	--
	609,710,661	169,647,050
Egyptian Treasury bills	609,710,661	169,647,050
	609,710,661	169,647,050

The Treasury bills are represented in the following:

182 Days maturity	9,495,174	--
222 Days maturity	15,000,000	--
232 Days maturity	10,000,000	--
254 Days maturity	14,832,253	--
257 Days maturity	15,000,000	--
264 Days maturity	2,000,000	--
266 Days maturity	106,452,769	16,578,520
273 Days maturity	63,301,160	--
292 Days maturity	3,955,500	--
299 Days maturity	7,000,000	--
301 Days maturity	3,955,500	--
316 Days maturity	5,000,000	--
323 Days maturity	17,000,000	--
341 Days maturity	7,911,000	--
348 Days maturity	--	5,000,000
350 Days maturity	--	26,578,520
357 Days maturity	94,951,740	24,867,780
358 Days maturity	15,000,000	--
362 Days maturity	--	35,000,000
363 Days maturity	82,370,000	50,000,000
364 Days maturity	211,650,580	24,573,511
	684,875,676	182,598,331
Unearned Income	(30,537,697)	(12,951,281)
Total (1)	654,337,979	169,647,050

Sale of Treasury bills with repurchase commitment:

Treasury bills sold with the obligation to re purchase within a week	(44,627,318)	--
Total (2)	(44,627,318)	--
Total (1+2)	609,710,661	169,647,050

18. Trading investments

	<u>31/12/2012</u>	<u>31/12/2011</u>
	<u>US Dollar</u>	<u>US Dollar</u>
Equity Instruments not listed on the stock exchange		
Investments fund	--	391,892
Total equity instruments	--	391,892
Total trading financial assets	--	391,892

19. Loans and Facilities for customers

	<u>31/12/2012</u>	<u>31/12/2011</u>
	<u>US Dollar</u>	<u>US Dollar</u>
Loans to individuals:		
-Debit current accounts	48,283,963	37,409,611
-Credit cards	4,720,225	3,666,189
-Personal loans	44,920,185	54,829,788
-Real estate loans	1,662,152	1,802,741
Total (1)	99,586,525	97,708,329
Loans to corporate:		
-Debit current accounts	248,071,421	271,861,433
-Direct loans	74,249,372	51,326,163
-Syndicated loans	252,363,771	257,686,185
-Other loans	37,459,259	38,833,676
Total (2)	612,143,823	619,707,457
Loans and facilities for customers (1+2)	711,730,348	717,415,786
Less:		
Provision for impairment losses	(43,223,635)	(41,911,451)
Reserved interest	(6,737,036)	(8,000,198)
Provided interest	(5,630,811)	(9,039,621)
Net loans and facilities for customers, distributed to :	656,138,866	658,464,516
Current Balances	299,318,061	299,506,012
Non-current Balances	356,820,805	358,958,504
	656,138,866	658,464,516

Provision for impairment losses

Analysis of the provision for impairment losses for Customers

	<u>31/12/2012</u>				
	<u>Individual (retail customers)</u>				
	<u>Debit current</u>	<u>Credit</u>	<u>Personal</u>	<u>Real estate</u>	<u>Total</u>
	<u>accounts</u>	<u>cards</u>	<u>loans</u>	<u>loans</u>	<u>US Dollar</u>
Balance At Beginning Of The year	35,856	708,531	6,628,069	208,868	7,581,324
Impairment expenses (recovery)	(9,068)	20,667	796,401	138	808,138
Write Off During The Period	--	(3,720)	(7,959)	--	(11,679)
Refundable Amounts During The Period	--	--	--	--	--
Foreign Currency Revaluation Diff.	(4,549)	(35,875)	(330,997)	(7,848)	(379,269)
Balance At The End Of The year	22,239	689,603	7,085,514	201,158	7,998,514

31/12/2012

Corporate entities

	<u>Debit current</u>	<u>Direct</u>	<u>Syndicated</u>	<u>Other</u>	<u>Total</u>
	<u>accounts</u>	<u>loans</u>	<u>loans</u>	<u>loans</u>	<u>US Dollar</u>
Balance At Beginning Of The year	2,482,636	853,390	2,576,862	28,417,239	34,330,127
Impairment expenses (recovery)	224,213	(87,314)	1,081,906	1,056,877	2,275,682
Write Off During The Period	--	--	--	(323,760)	(323,760)
Refundable Amounts During The Period	--	--	--	--	--
Foreign Currency Revaluation Diff.	(102,064)	(17,855)	(90,787)	(846,222)	(1,056,928)
Balance At The End Of The year	2,604,785	748,221	3,567,981	28,304,134	35,225,121

31/12/2011
Individual (retail customers)

	<u>Debit current</u>	<u>Credit</u>	<u>Personal</u>	<u>Real estate</u>	<u>Total</u>
	<u>accounts</u>	<u>cards</u>	<u>loans</u>	<u>loans</u>	<u>US Dollar</u>
Balance At Beginning Of The year	27,051	578,250	4,457,570	240,998	5,303,869
Impairment expenses (recovery)	9,478	157,640	2,363,110	(23,697)	2,506,531
Write Off During The Period	--	(4,435)	--	--	(4,435)
Refundable Amounts During The Period	--	--	--	--	--
Foreign Currency Revaluation Diff.	(673)	(22,924)	(192,611)	(8,433)	(224,641)
Balance At The End Of The year	35,856	708,531	6,628,069	208,868	7,581,324

Corporate entities

	<u>Debit current</u>	<u>Direct</u>	<u>Syndicated</u>	<u>Other</u>	<u>Total</u>
	<u>accounts</u>	<u>loans</u>	<u>loans</u>	<u>loans</u>	<u>US Dollar</u>
Balance At Beginning Of The year	2,322,431	1,119,156	2,732,797	29,558,749	35,733,133
Impairment expenses (recovery)	234,435	(241,381)	(91,448)	(323,757)	(422,151)
Write Off During The Period	--	--	--	(101,900)	(101,900)
Refundable Amounts During The Period	--	--	--	1,393	1,393
Foreign Currency Revaluation Diff.	(74,230)	(24,385)	(64,487)	(717,246)	(880,348)
Balance At The End Of The year	2,482,636	853,390	2,576,862	28,417,239	34,330,127

20. Financial Investments

	<u>31/12/2012</u> US Dollar	<u>31/12/2011</u> US Dollar
Available for sale financial investments		
Debt instruments-fair value:		
-listed	959,049,048	715,645,762
Equity instruments-fair value:		
-unlisted	--	2,929,242
Equity instruments-cost:		
-listed	6,433,932	6,740,165
-unlisted	9,043,774	9,422,072
Total available for sale financial investments (1)	<u>974,526,754</u>	<u>734,737,241</u>
Held To Maturity Financial Investment		
Debt instruments-amortized cost:		
-listed	78,061,820	149,562,598
Equity instruments-cost:		
-unlisted	4,023,595	4,215,104
Less :impairment provision	(464,340)	(486,441)
Total Held To Maturity Financial Investment (2)	<u>81,621,075</u>	<u>153,291,261</u>
Total Financial Investment(1+2)	<u>1,056,147,829</u>	<u>888,028,502</u>
Current balances	974,526,754	734,737,241
Non-current balances	81,621,075	153,291,261
	<u>1,056,147,829</u>	<u>888,028,502</u>
Fixed Interest Debt Instruments	1,032,210,403	857,479,087
Variable Interest Debt Instruments	4,900,465	7,729,273
	<u>1,037,110,868</u>	<u>865,208,360</u>

	<u>31/12/2012</u> <u>Available for</u> <u>sale financial</u> <u>investments</u> US Dollar	<u>31/12/2011</u> <u>Held To</u> <u>Maturity</u> <u>Financial</u> <u>Investment</u> US Dollar	<u>Total</u> US Dollar
Opening Balance	734,737,241	153,291,261	888,028,502
Addition	405,183,257	--	405,183,257
Deduction (Selling - Recovery)	(126,512,460)	(68,446,615)	(194,959,075)
Transferred from Investments at Associates Companies	30,391	--	30,391
Foreign Currency Revaluation Diff.	(35,785,253)	(2,718,714)	(38,503,967)
Profit From Fair Value Deference(note 31/c)	(1,261,304)	--	(1,261,304)
Discount	100,652	246,909	347,561
Premium	(1,935,381)	(751,766)	(2,687,147)
Impairment losses recovery	(30,389)	--	(30,389)
Ending balance	<u>974,526,754</u>	<u>81,621,075</u>	<u>1,056,147,829</u>

	<u>Available for</u> <u>sale financial</u> <u>investments</u> US Dollar	<u>31/12/2011</u> <u>Held To</u> <u>Maturity</u> <u>Financial</u> <u>Investments</u> US Dollar	<u>Total</u> US Dollar
Opening Balance	681,076,497	238,970,322	920,046,819
Addition	154,731,520	39,358,925	194,090,445
Deduction (Selling - Recovery)	(59,292,549)	(117,559,277)	(176,851,826)
Transferred from Investments at Associates Companies	--	--	--
Foreign Currency Revaluation Diff.	(22,369,276)	(4,527,495)	(26,896,771)
Profit From Fair Value Deference(note 32/c)	(18,329,723)	--	(18,329,723)
Discount	--	250,280	250,285
Premium	--	(2,886,583)	(2,886,583)
Impairment losses recovery	(1,079,228)	(314,916)	(1,394,144)
Ending balance	<u>734,737,241</u>	<u>153,291,261</u>	<u>888,028,502</u>

- Profit from Financial Investment

	<u>For the</u> <u>Financial</u> <u>year from</u> <u>1/1/2012 to</u> <u>31/12/2012</u> US Dollar	<u>For the</u> <u>Financial</u> <u>year from</u> <u>1/1/2011 to</u> <u>31/12/2011</u> US Dollar	<u>For the</u> <u>Financial</u> <u>year from</u> <u>1/10/2012 to</u> <u>31/12/2012</u> US Dollar	<u>For the</u> <u>Financial</u> <u>year from</u> <u>1/10/2011 to</u> <u>31/12/2011</u> US Dollar
Profit From Selling Available For Sale Financial Instruments	4,138,776	921,760	2,511,163	35,910
Impairment (losses) of available for-sale equity investments	(30,389)	(1,079,228)	--	(1,079,228)
Impairment (losses) of Held-to-maturity investments	--	(314,916)	--	(314,916)
	<u>4,108,387</u>	<u>(472,384)</u>	<u>2,511,163</u>	<u>(1,358,234)</u>

- Settlements on the provision of financial investments held to maturity

	<u>31/12/2012</u> US Dollar	<u>31/12/2011</u> US Dollar
Opening Balance	486,441	178,233
Impairment (losses) for credit losses during the year	--	314,916
Foreign Currency Revaluation Diff.	(22,101)	(6,708)
Ending balance	<u>464,340</u>	<u>486,441</u>

21. Investments in subsidiaries companies

The bank's shareholding percentage in affiliates companies are as follows:

Company country	Balance as of 1/1/2012 US Dollar	Adjustments (losses) of investments in Associates companies – equity method US Dollar	31/12/2012				Shareholding %
			Dividends income US Dollar	Foreign Currency Exchange US Dollar	Transfer for financial investments available for sale (Note 20) US Dollar	Balance as of 31/12/2012 US Dollar	
International Company for Information Technology A.C.Tech*	30,583	--	--	(192)	(30,391)	--	20
Cairo National Co. for Securities Trading	179,001	(9,730)	--	(7,695)	--	161,576	32
	<u>209,584</u>	<u>(9,730)</u>	<u>--</u>	<u>(7,887)</u>	<u>(30,391)</u>	<u>161,576</u>	

* Investment in the international information technology AC tech have been reclassified from investments in associates companies to financial investments available for sale due to the bank losing effective influence on them through the loss of the ability to participate in the financial and operating policies of the company as a result of being subject to the control of the liquidator of the company, and the income statement have been charged during the year end 31 December 2012 with the value of losses of impairment of that investment amounted to US Dollars 30,389.

Company country	Balance as of 1/1/2011 US Dollar	Adjustments (losses) of investments in Associates companies – equity method US Dollar	31/12/2011				Shareholding %
			Dividends income US Dollar	Foreign Currency Exchange US Dollar	Transfer for financial investments available for sale US Dollar	Balance as of 31/12/2011 US Dollar	
International Company for Information Technology A.C.Tech	31,779	--	--	(1,196)	--	30,583	20
Cairo National Co. for Securities Trading	267,672	(63,813)	(16,121)	(8,737)	--	179,001	32
	<u>299,451</u>	<u>(63,813)</u>	<u>(16,121)</u>	<u>(9,933)</u>	<u>--</u>	<u>209,584</u>	

22. Intangible assets

	<u>31/12/2012</u> US Dollar	<u>31/12/2011</u> US Dollar
a- Goodwill		
Net book value at the beginning of the year	381,241	594,225
Amortization	(188,688)	(193,053)
Foreign Currency Exchange	(10,593)	(19,931)
Net book value at the ending of the year	181,960	381,241
b- Franchise		
Net book value at the beginning of the year	117,687	130,838
Amortization	(8,144)	(8,332)
Foreign Currency Exchange	(5,057)	(4,819)
Net book value at the ending of the year	104,486	117,687
Total	286,446	498,928

- Goodwill is annually tested for impairment or if there is any indication of impairment losses.

According to the decision of the extraordinary General Assembly on 15 November 2007 for Societe Arabe Internationale de Banque "SAIB" (the merging bank) and Societe Arabe Internationale de Banque "SAIB" – Port Said (the merged bank) and applying the decision of the Central Bank of Egypt on January 8, 2008 by merging the above banks, this merger has been established in accordance with book value of the assets and liabilities of the two banks and the difference, between the purchase value and the shareholders of the merged bank, has been addressed as goodwill which amounted at 31 December 2012 US Dollar 181,960 against US Dollar 381,241 at 31 December 2011.

23. Other assets

	<u>31/12/2012</u> US Dollar	<u>31/12/2011</u> US Dollar
Accrued revenue	35,864,037	21,318,976
Prepaid expenses	770,848	689,253
Advance payments for purchasing fixed assets	6,092,674	2,169,050
Paid amounts for investments increasing (New/standing)	1,587,922	1,519,915
Assets reverted to the bank in settlement of debts	282,007	295,429
Imprest and insurance	67,138	71,162
Others	1,088,511	1,044,083
	45,753,137	27,107,868

SOCIETE ARABE INTERNATIONALE DE BANQUE "SAIB" (S. A. E.)
Financial Statements for the year ended December 31, 2012

24. Fixed assets

	Land US Dollar	Buildings US Dollar	Computers & Core Systems US Dollar	Vehicles US Dollar	Fixtures & fittings US Dollar	Equipments US Dollar	Furniture US Dollar	Total US Dollar
Balance as of 1/1/2011								
Cost	623,625	12,981,507	11,754,270	691,936	2,750,274	1,409,096	556,147	30,766,855
Accumulated Depreciation	--	(4,203,973)	(9,073,874)	(677,120)	(2,140,360)	(1,143,473)	(468,501)	(17,707,301)
Net book value as of 1/1/2011	623,625	8,777,534	2,680,396	14,816	609,914	265,623	87,646	13,059,554
Additions	--	1,613,826	384,388	--	149,237	104,744	65,391	2,317,586
Disposals	--	--	--	(36,058)	--	--	--	(36,058)
Foreign Currency Exchange (Assets balances)	(23,469)	(507,780)	(82,367)	(26,040)	(104,357)	(53,563)	(19,737)	(817,313)
Foreign Currency Exchange (Accumulated depreciation)	--	165,992	67,797	25,585	83,090	44,388	18,084	404,936
Depreciation cost	--	(631,442)	(1,156,067)	(7,105)	(205,111)	(101,644)	(37,386)	(2,138,755)
Accumulated depreciation of disposals	--	--	--	36,058	--	--	--	36,058
Net book value as of 31/12/2011	600,156	9,418,130	1,894,147	7,256	532,773	259,548	113,998	12,826,008
Balance as of 1/1/2012								
Cost	600,156	14,087,553	12,056,291	629,838	2,795,154	1,460,277	601,801	32,231,070
Accumulated Depreciation	--	(4,669,423)	(10,162,144)	(622,582)	(2,262,381)	(1,200,729)	(487,803)	(19,405,062)
Net book value as of 1/1/2012	600,156	9,418,130	1,894,147	7,256	532,773	259,548	113,998	12,826,008

Fixed assets: continue

	Land US Dollar	Buildings US Dollar	Computers & Core Systems US Dollar	Vehicles US Dollar	Fixtures & fittings US Dollar	Equipments US Dollar	Furniture US Dollar	Total US Dollar
<u>Balance of the current financial year</u>								
Net book value as of 1/1/2012	600,156	9,418,130	1,894,147	7,256	532,773	259,548	113,998	12,826,008
Additions	--	2,324,113	329,104	6,131	1,119,199	1,175,122	107,179	5,060,848
Disposals	--	--	--	--	--	--	--	--
Foreign Currency Exchange (Assets balances)	(27,268)	(719,807)	(97,988)	(28,765)	(169,704)	(86,293)	(31,566)	1,161,391
Foreign Currency Exchange (Accumulated depreciation)	--	235,945	85,215	28,473	112,989	59,584	23,922	546,128
Depreciation cost	--	(679,054)	(942,115)	(5,379)	(303,562)	(241,813)	(50,512)	(2,222,435)
Accumulated depreciation of disposals	--	--	--	--	--	--	--	--
Net book value as of 31/12/2012	572,888	10,579,327	1,268,363	7,716	1,291,695	1,166,148	163,021	15,049,158
<u>Balance as of 31/12/2012</u>								
Cost	572,888	15,691,859	12,287,407	607,204	3,744,649	2,549,106	677,414	36,130,527
Accumulated depreciation	--	(5,112,532)	(11,019,044)	(599,488)	(2,452,954)	(1,382,958)	(514,393)	(21,081,369)
Net book value	572,888	10,579,327	1,268,363	7,716	1,291,695	1,166,148	163,021	15,049,158

25. Due to banks

	31/12/2012 US Dollar	31/12/2011 US Dollar
Current Accounts Deposits	16,168,956	1,415,031
	136,971,169	34,936,372
	<u>153,140,125</u>	<u>36,351,403</u>
Local Banks	129,916,365	21,436,372
Foreign Banks	23,223,760	14,915,031
	<u>153,140,125</u>	<u>36,351,403</u>
Balances without interest	722,958	441,393
Balances with variable interest	15,445,997	973,638
Balances with fixed interest	136,971,170	34,936,372
	<u>153,140,125</u>	<u>36,351,403</u>
Current Balances	153,140,125	36,351,403
	<u>153,140,125</u>	<u>36,351,403</u>

26. Customers' deposits

	31/12/2012 US Dollar	31/12/2011 US Dollar
Demand Deposits	130,246,177	128,285,992
Time Deposits and call accounts	1,007,392,484	726,184,377
Certificates of savings and Deposit	737,532,893	648,199,405
Saving Deposits	88,182,228	69,853,671
Other Deposits	65,546,933	35,514,847
	<u>2,028,900,715</u>	<u>1,608,038,292</u>
Corporate Deposits	1,247,237,272	955,140,391
Retail Deposits	781,663,443	652,897,901
	<u>2,028,900,715</u>	<u>1,608,038,292</u>
Balances without interest	178,142,888	153,070,623
Balances with variable interest	991,845,577	842,261,195
Balances with fixed interest	858,912,250	612,706,474
	<u>2,028,900,715</u>	<u>1,608,038,292</u>
Current Balances	1,274,517,910	953,863,940
Non-Current Balances	754,382,805	654,174,352
	<u>2,028,900,715</u>	<u>1,608,038,292</u>

27. Other loans

	<u>31/12/2012</u> <u>US Dollar</u>	<u>31/12/2011</u> <u>US Dollar</u>
Loan from Social Fund for Development		
Development Project for Small Entities (New/Standing)	2,863,850	3,315,704
Development project for Small and medium poultry entities (New/Standing)	6,330,116	3,315,704
	<u>9,193,966</u>	<u>6,631,408</u>

28. Other liabilities

	<u>31/12/2012</u> <u>US Dollar</u>	<u>31/12/2011</u> <u>US Dollar</u>
Accrued interest	123,324,635	108,382,905
Unearned revenue	460,148	210,553
Accrued expenses	1,093,111	1,158,617
Dividends payable*	24,092	24,127
Sundry credit balances	15,497,480	15,746,568
	<u>140,399,466</u>	<u>125,522,770</u>

*This balance represents dividends of shareholders for prior years and the ones concerned did not come forth to cash them.

29. Other provisions

<u>Description</u>	<u>31/12/2012</u>				
	<u>Balance at The Beginning of the year</u> <u>US Dollar</u>	<u>Translation Differences</u> <u>US Dollar</u>	<u>Charged to Income Statement</u> <u>Note (11)</u> <u>US Dollar</u>	<u>Used during the year</u> <u>US Dollar</u>	<u>Year-end balance</u> <u>US Dollar</u>
Provision for potential claims	4,706,138	(143,738)	4,230,728	(2,551,507)	6,241,621
Provision for contingent liabilities	2,634,798	(78,931)	(256,192)	--	2,299,675
Litigations provision	149,482	(6,792)	--	--	142,690
	<u>7,490,418</u>	<u>(229,461)</u>	<u>3,974,536</u>	<u>(2,551,507)</u>	<u>8,683,986</u>

<u>Description</u>	<u>31/12/2011</u>				
	<u>Balance at The Beginning of the year</u> <u>US Dollar</u>	<u>Translation Differences</u> <u>US Dollar</u>	<u>Charged to Income Statement</u> <u>Note (11)</u> <u>US Dollar</u>	<u>Used during the year</u> <u>US Dollar</u>	<u>Year-end balance</u> <u>US Dollar</u>
Provision for potential claims	7,545,927	(238,080)	--	(2,601,709)	4,706,138
Provision for contingent liabilities	2,623,766	(66,943)	77,975	--	2,634,798
Litigations provision	155,327	(5,845)	--	--	149,482
	<u>10,325,020</u>	<u>(310,868)</u>	<u>77,975</u>	<u>(2,601,709)</u>	<u>7,490,418</u>

30. Deferred tax liability

	<u>31/12/2012</u> <u>US Dollar</u>	<u>31/12/2011</u> <u>US Dollar</u>
Balance At Beginning Of The year	245,323	285,460
Exclusions (Note 13)	(59,480)	(40,137)
Balance at the end of the year	<u>185,843</u>	<u>245,323</u>

31. Capital

	<u>No of Shares</u> <u>(Per million)</u> <u>US Dollar</u>	<u>Nominal value</u> <u>per share</u> <u>US Dollar</u>	<u>Total</u> <u>US Dollar</u>
Balance as of 1/1/2012	15	10	150,000,000
Balance as of 31/12/2012	<u>15</u>	<u>10</u>	<u>150,000,000</u>

- The Authorized capital on 31 December 2012 amounting to US Dollar 200 million with a nominal value US Dollar 10 per share, the issued and fully paid capital before increasing amounting to US Dollar 150 million divided on 15,000,000 shares of nominal value US Dollar 10 per share.

32. Reserves and Retained Earnings

	<u>31/12/2012</u> <u>US Dollar</u>	<u>31/12/2011</u> <u>US Dollar</u>
Reserves		
General Banking Risks Reserve (A)	3,712,331	3,053,542
Legal Reserve (B)	49,550,526	47,466,068
General Reserve	8,791,493	6,291,493
Capital Reserve	713,920	692,295
Fair value Reserve-available for sale financial investment (32/c)	(15,232,203)	(14,859,753)
Special Reserve	3,337,162	3,337,162
Total reserves at the end of the year	<u>50,873,229</u>	<u>45,980,807</u>

Reserves movements are as follow:

	<u>31/12/2012</u> <u>US Dollar</u>	<u>31/12/2011</u> <u>US Dollar</u>
A -General Banking Risks Reserve		
Balance At Beginning Of The Year	3,053,542	583,101
Transferred from the Retained earning	658,789	2,470,441
Balance At the End Of The Year	<u>3,712,331</u>	<u>3,053,542</u>

- Under instructions of the Central Bank of Egypt to create bank risk reserve to encounter unforeseen risks, this reserve is distributed only after obtaining the approval of the Central Bank of Egypt.

	<u>31/12/2012</u> US Dollar	<u>31/12/2011</u> US Dollar
B - Legal Reserve		
Balance At Beginning Of The Year	47,466,068	44,698,816
Transferred from profit of the year	2,084,458	2,767,252
Balance At Ending Of The Year	<u>49,550,526</u>	<u>47,466,068</u>

- In accordance with the initial statute of the bank, 10% of the net profit of the year is retained to feed the legal reserve until the balance reaches 50% of the paid up capital, and the decrease of the reserve less than half specifies to return to truncation.

	<u>31/12/2012</u> US Dollar	<u>31/12/2011</u> US Dollar
C - Fair value Reserve-available for sale financial investment		
Balance At Beginning Of The Year	(14,859,753)	3,561,006
Net profit resulting from change in fair value (Note 20)	(1,261,304)	(18,329,723)
Foreign Currency Exchange	888,854	(91,036)
Balance At Ending Of The Year	<u>(15,232,203)</u>	<u>(14,859,753)</u>

- Application of the presentation rules of banks' financial statements and the basis of recognition and measurement basis approved by the Board of Directors of the Central Bank of Egypt in its session on 16 December 2008, that are recognized directly in equity with profits and losses arising from changes in fair value of available-for-sale financial investments for this item, and that until the asset is excluded or impaired its value, then it is recognized in the income statement as gains and losses previously recognized in equity.

D - Special Reserve

- Requires the application of rules of preparation and presentation of financial statements and recognition and measurement basis approved by the Board of Directors of the Central Bank of Egypt in its session on 16 December 2008 amendments to the comparative figures for the first financial year to start the application which affects the balance sheet (Comparative figures) and income statement (previous financial year) for some items without the other, so that the net effects of adjustments which was exported through retained earnings to special reserve of equity which are used only with the approval of the Central Bank of Egypt.

	<u>31/12/2012</u> US Dollar	<u>31/12/2011</u> US Dollar
E - Retained Earnings		
Balance At Beginning Of The Year	23,983,805	30,338,039
Net profit of the financial year	28,151,881	20,866,207
Distributions for shareholders	(9,750,000)	(11,250,000)
Employees share in profit	(5,500,000)	(8,700,000)
Board of directors remuneration	(954,120)	(1,300,000)
Transferred to general banking risks reserve (Note 32/a)	(658,789)	(2,470,441)
Transferred to legal reserve	(2,084,458)	(2,767,252)
Transferred to general reserve	(2,500,000)	(683,080)
Transferred to capital reserve	(21,625)	(49,668)
Balance At Ending Of The Year	<u>30,666,694</u>	<u>23,983,805</u>

33. Distribution for shareholders

- Dividends are not recognized until the approval of the General Assembly of Shareholders. The Board of Directors proposes to the Assembly which will be held on February 19, 2013 to distribute to UD Dollar 0.825 per share for the year 2012 with a total amount of US Dollar 12,375,000 (The actual distributions was US Dollar 0.65 per share with a total amount of US Dollar 9,750,000 for the comparison year.) In addition to the dividend to shareholders, the Board of Directors proposed - in accordance with the Bank's Statute on the next General Assembly of shareholders to distribute US Dollar 7,210,000 as Employees share in profit and US Dollar 1,200,000 as Board of directors remuneration (The actual dividends amounting US Dollar 5,500,000 for the employees and US Dollar 954,120 as Board of directors remuneration for the comparison year) this decision is not recognized in these financial statements and the Distributions for shareholders, Employees share in profit and the board of directors remuneration will be recognized in the equity distributed from the retained earnings in the financial year ending 31 December 2013.

34. Cash and Cash Equivalent

For the purpose of presenting the cash flow statement, cash and cash equivalents include the following balances maturing within less than 3 months from the date of acquisition.

	<u>31/12/2012</u> US Dollar	<u>31/12/2011</u> US Dollar
Cash and balances with central bank	25,124,588	19,125,698
Due from banks	91,556,696	134,108,060
	<u>116,681,284</u>	<u>153,233,758</u>

35. Contingent Liabilities and Commitments

A- Capital Commitments

The bank's contracts for capital commitments amounted to US Dollar 677,869 at 31 December 2012 representing purchase of fixed assets contracts, such as branches constructions, and the management have a sufficient confidence to achieve net revenue and the availability to cover those commitments.

B- Loans, Facilities and Guarantees Commitments

The bank's commitments for loans, guarantees and facilities are represented as follows :

	<u>31/12/2012</u> <u>US Dollar</u>	<u>31/12/2011</u> <u>US Dollar</u>
Customers Acceptances	18,439,153	22,443,343
Letters Of Guarantee	77,415,552	88,964,505
Letters Of Credit (Import)	43,510,211	26,835,326
Letters Of Credit (Export)	127,637	98,145
	<u>139,492,553</u>	<u>138,341,319</u>

36. Transactions with Related Parties

The Bank deals with related parties on the same basis, which is dealing with others, and the nature of the most important transactions and balances in the balance sheet date are as follows:

<u>Nature of transactions</u>	<u>31/12/2012</u> <u>US Dollar</u>	<u>31/12/2011</u> <u>US Dollar</u>
Due from banks	267,959	1,151,849
Other assets	291,099	379,242
Due to banks	1,616,500	392,513
Customers' deposits	55,882,010	36,087,968
Certificates of savings	1,582,529	1,657,852
Other liabilities	8,456	4,756

37. Mutual Funds

The first fund

- The mutual fund is one of the banking activities authorized for the bank according to the law of the capital market stock number 95 for the year 1992 and its regulation, the company that manage the fund is Prime Investments for managing financial investments.
- The bank established the first mutual fund on June 3, 1996 with a nominal value of LE 500 for each, on March 13, 2007 the General authority for capital market approved to divide the value of the certificate by 1:5 to become the nominal value of the certificate LE 100 instead of LE 500, article (6) of the Fund's prospectus was modified on March 29, 2007.
- The number of the certificates reached 103,018 with a total value of US Dollar 1,630,290; the bank's portion 19,000 certificates with a nominal value of US Dollar 300,681 to proceed the fund activity.
- The recoverable amount for the certificate reached LE 426.96 on the date of the balance sheet equivalent to US Dollar 67.57.

The Second fund

- The mutual fund is one of the banking activities authorized for the bank according to the law of the capital market stock number 95 for the year 1992 and its regulation, the company that manage the fund is Prime Investments for managing financial investments.
- The bank established the second mutual fund on September 20, 1997 with a nominal value of LE 100 for each.
- The number of the certificates reached 116,975 with a total value of US Dollar 1,851,163; the bank's portion 26,000 certificates with a nominal value of US Dollar 411,458 to proceed the fund activity.
- The recoverable amount for the certificate reached LE 291.54 on the date of the balance sheet equivalent to US Dollar 46.14

The Third fund (EL RABEH)

- The mutual fund is one of the banking activities authorized for the bank according to the law of the capital market stock number 95 for the year 1992 and its regulation, the company that manage the fund is Prime Investments for managing financial investments.
- The bank established the third mutual fund on February 21, 1999 with a nominal value of LE 100 for each, on March 29, 2007 the name of the fund changed from the third fund to be (EL RABEH).
- The number of the certificates reached 132,702 with a total value of US Dollar 2,100,048; the bank's portion 50,000 certificates with a nominal value of US Dollar 791,264 to proceed the fund activity.
- The recoverable amount for the certificate reached LE 105.98 on the date of the balance sheet equivalent to US Dollar 16.77.

The Fourth fund (Sanabel)

- The mutual fund is one of the banking activities authorized for the bank according to the law of the capital market stock number 95 for the year 1992 and its regulation, the company that manage the fund is HC for securities instead of Prime Investments for managing financial investments since December 21, 2011.
- The bank established the fourth mutual fund (Sanabel) on December 20, 2006 with a nominal value of LE 100 for each.
- The number of the certificates reached 921,791 with a total value of US Dollar 14,587,610; the bank's portion 74,085 certificates with a nominal value of US Dollar 1,172,417 to proceed the fund activity.
- The recoverable amount for the certificate reached LE 79.54 on the date of the balance sheet equivalent to US Dollar 12.59.

38. Tax Position

A- Societe Arabe Internationale de Banque

▪ First: Corporate Tax

Years from the date of commencement of activities till 1995

- The bank was inspected for these years and the related due taxes were paid.

Years from 1996 till 2004

- The bank was inspected for these years and the disputed points are being solved with the Settlement Committee of large taxpayer center.

Years from 2005 till 2006

- The tax returns of those years have been prepared and submitted on due dates in accordance with Law No. 91 for 2005, the bank was inspected for these years, and the notification of tax losses have been received.

Years from 2007 till 2011

- The tax returns of those years have been prepared and submitted on due dates in accordance with Law No. 91 for 2005.

▪ Second: Salary Tax

Years from the date of commencement of activities till 2004

- The bank was inspected for these years until the year 2004 and the related due taxes were paid.

Years from 2005 till 2012

- The Bank is calculating, deducting and paying the tax on due dates in accordance with Law No. 91 for 2005, and are currently under inspection by large taxpayer center.

▪ Third: Stamp Tax

Years from the date of commencement of activities till 2005

- The Tax Authority inspected the bank for these years and the bank paid the due tax differences.

Years from January 1, 2006 till July 31, 2006

- The years from the beginning of year 2006 till July 2006 are currently inspected by the large taxpayer center.

Years from August 1, 2006 till December 31, 2012

- Starting from August 1, 2006, the bank pays the accrued taxes every three months according to the law requirements.

B- The position of SAIB - Port Said bank (Port said national bank for development - previously) that have been merged on January 1, 2008 with Societe Arabe International De Banque (SAIB).

▪ First: Corporate Tax

Years from the date of commencement of activities till June 30, 1997

- The bank was inspected for these years and the related due taxes were paid.

Years from July 1, 1997 till June 30, 2004

- The dispute with the Tax authority has finished, and the related due taxes were paid, the dispute on the portion of capital increase are transferred court.

Years from July 1, 2004 till merging date in December 31, 2007

- The tax returns of those years have been prepared and submitted on due dates in accordance with Law No. 91 for 2005.
- Was an appointment with the competent Tax Office to start checking those years.

▪ Second: Salary Tax

Years from the date of commencement of activities till 2004

- The bank was inspected for these years and the related due taxes were paid.

Years from 2005 till 2007

- The Bank is calculating, deducting and paying the tax on due dates in accordance with Law No. 91 for 2005, and are currently under inspection by large taxpayer center.
- Those years were not inspected till now

▪ Third: Stamp Tax

Years from the date of commencement of activities till 2005

- The bank was inspected for these years and the related due taxes were paid.

Years from 2005 till 2007

- The bank was inspected for these years. and the objection form was sent by the bank.

Vice Chairman of the Board
And Managing Director

HASSAN ABDEL MEGUID



Vice Chairman of the Board
And Managing Director

MOHAMMED NAGUIB IBRAHIM

