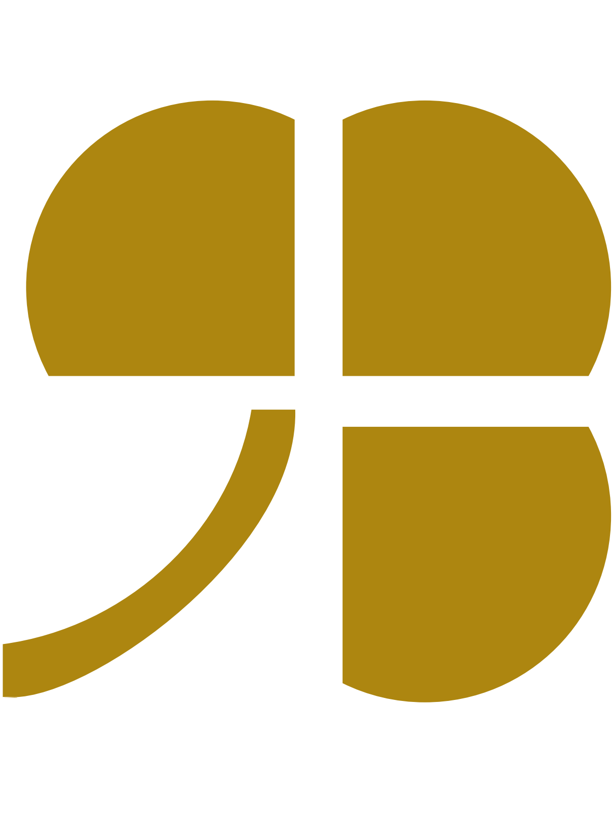
Bank Audi sae
Egypt 2010
Annual Report

The Result of Hard Work

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010



Total Asset

Growth

Times
from 2006 to 2010


Customer Deposits
Growth
2.8
Times
from 2006 to 2010
Financial Growth

Net Profit

Growth

Times
from 2006 to 2010

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THE BEGINNING

The Beginning

Number of Customers Growth

Times

from 2006 to 2010

I. Historical Overview & Performance Highlights of Bank Audi sae

1. Establishment of Bank Audi sae

In March 2006, Bank Audi sal – Audi Saradar Group acquired Cairo Far East Bank sae, an Egyptian Bank with a network of three Commercial branches and one Islamic branch and total assets of EGP 314MM as at December 31, 2005. The Bank's name was subsequently changed to Bank Audi sae, a fully owned subsidiary of Bank Audi sal – Audi Saradar Group and its capital was raised to $ 100,000,000 (US dollars one hundred million) . Then during October 2007, the capital was increased again by $ 100,000,000 to be $200,000,000 (US dollars two hundred million).

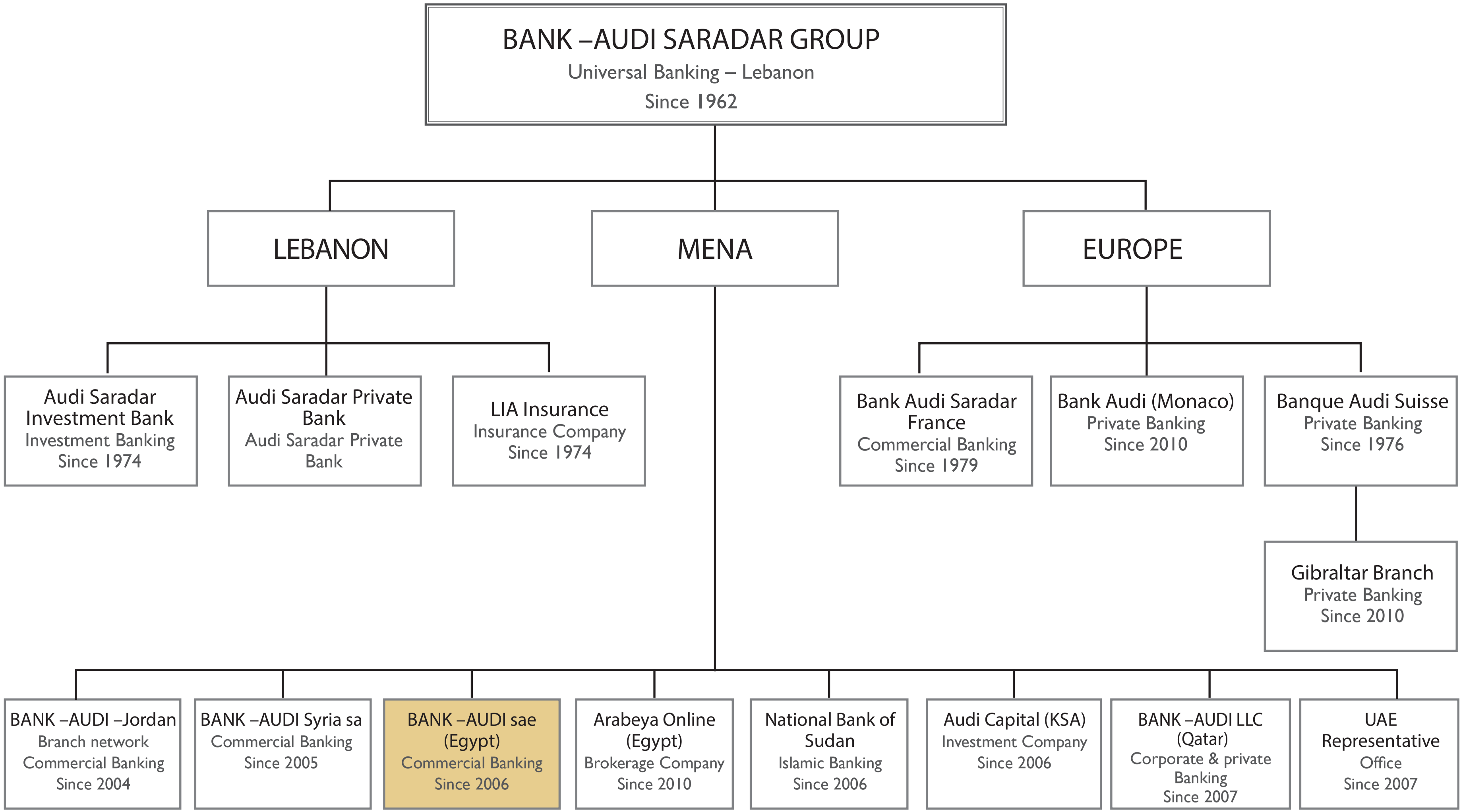
Bank Audi sal's decision to build a significant presence in Egypt was driven by its Vision to become a major player in the MENA Region, with huge potential and promising structural reforms that would boost the country's economic growth rates and banking sector.

The Group's financial philosophy is to increase the sales of its products and deliver excellent services through the development of its human resources, and by managing its capital intensity within very strict control procedures.

2. Audi Saradar Group at a Glance:

- The Audi Family has inherited 180 years of tradition and financial experience.
- In 1962, the Bank was incorporated under its present form and named Banque Audi sal
- The Largest Bank in Lebanon supported by strong leadership.
- Among the top 25 largest Arab banking institutions operating in the Middle East and North Africa region.
- The Group is currently present in 11 countries through 10 banks, 1 investment company, 1 brokerage company and 2 insurance companies.
- Abiding by The Beirut Stock Exchange and The London Stock Exchange regulations.
- Group Consolidated Activity Highlights (at end June 2011).
  - US$ 29.1 billion of total assets
  - US$ 25.3 billion of total deposits
  - US$ 2.3 billion of shareholders' equity
  - US$ 179.1 million of consolidated profits

Group Structure



10 Banks , I Investment company , 1 Brokerage company and 2 Insurance companies in 11 Countries

3. Historical Development and Comparative Performance

The Group slogan of 'Grow beyond your potential' has been readily adopted and promoted by Bank Audi sae to reflect its beliefs and management style, both in terms of the internal development of the Bank and in establishing a clear affinity and contribution to its key stakeholders, particularly the Bank's clients.

Accordingly, Bank Audi sae aims at strengthening its Egyptian market franchise through broadening its geographical presence and delivery channels and being *"The Egyptian partner of choice to bank with, work for and invest in"*.

Bank Audi sae's successful development can be summarized in the following table:

In EGP MM as at December end	2005*	2006	2007	2008	2009	2010
Total Assets	314	5,703	8,115	8,734	11,491	15,677
Total Loans & Advances	92	1,003	2,501	4,270	4,878	7,111
Customer Deposits	284	4,879	6,463	6,700	9,467	13,715
Net Profit	-76.7	1.5	-42.4	29.6	107.2	174.6
No. of Branches	3	3	20	27	29	32
No. of ATMS	3	3	34	58	80	79

* Cairo Far East Bank before acquisition

It is important to highlight that after only 5 years of operations, Bank Audi sae currently represents 10% of the Group's consolidated Total Assets.

Bank Audi sae has also made significant progress towards its physical channel objective by increasing its branch network to 32 branches covering Cairo, Alexandria, Tanta, Mansoura and Red Sea Governorates with the aim to extend into other Governorates in Upper Egypt.

This network growth has also been reflected in a corresponding increase in the Bank's market share development versus other peer banks in Egypt:

Market Share Developments as at December end	2005*	2006	2007	2008	2009	2010
Total Assets	0.04%	0.67%	0.80%	0.84%	1.00%	1.22%
Total Loans & Advances	0.03%	0.29%	0.66%	0.99%	1.13%	1.57%
Total Deposits	0.06%	0.83%	0.92%	0.87%	1.12%	1.45%

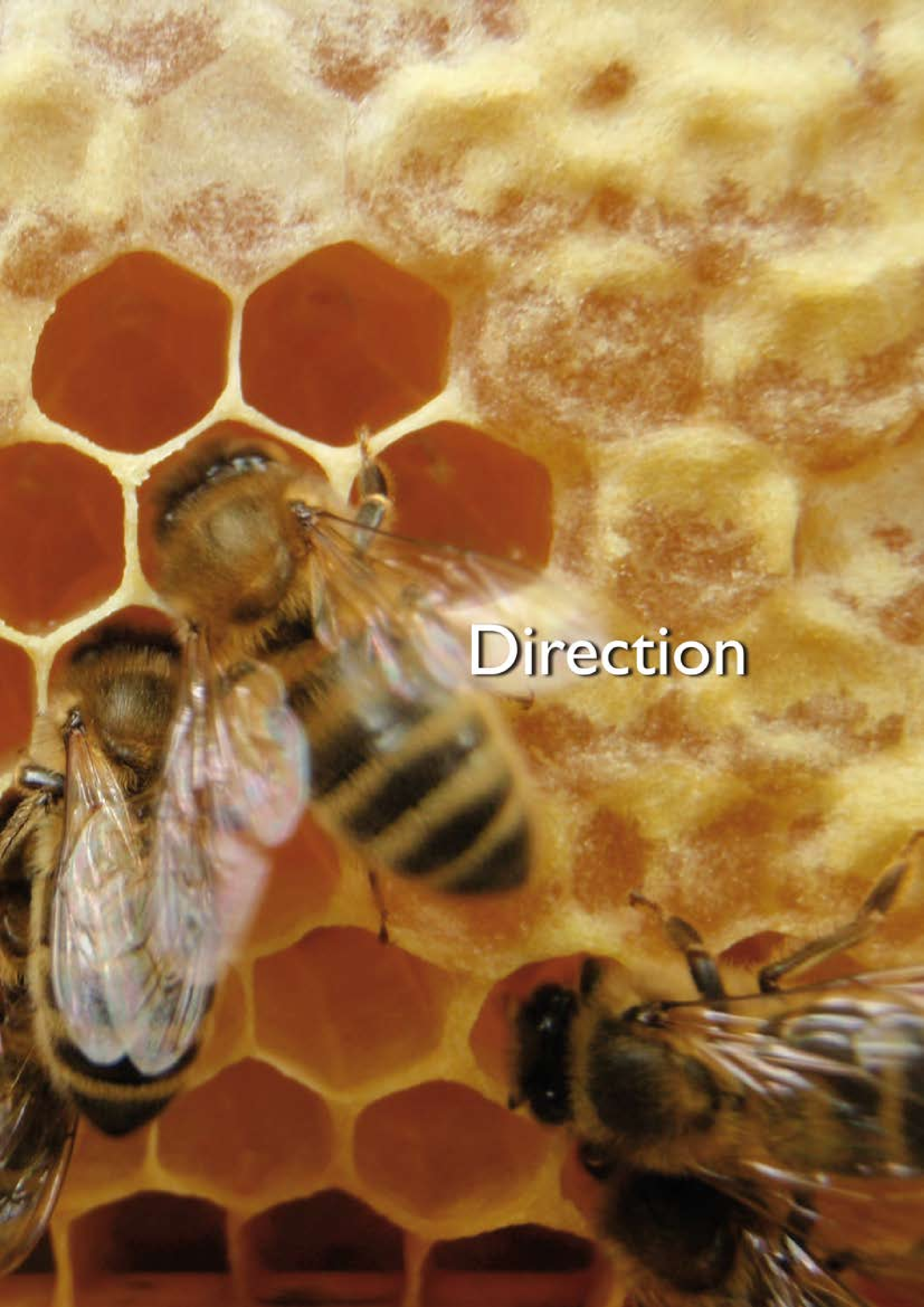
* Cairo Far East Bank before acquisition

Bank Audi sal – Audi Saradar Group also made another noteworthy acquisition in Egypt in 2010, acquiring a large majority stake in Arabya Online Brokerage "AOLb" (the first on-line trading platform in Egypt offering a comprehensive array of services ranking 7th in terms of operations and 9th in market share as of March 2011). This acquisition aims more particularly at refining the Group and the Bank's universal banking model and at complementing its solid Commercial Banking franchise with a distinguished retail brokerage presence.

In the near term, 2011 is anticipated to be a year of consolidation for Bank Audi sae in light of the currently prevailing environment in the Middle East and North Africa region. The Bank continues to uphold ambitious medium-term growth plans in Egypt when conditions allow for a durable and strong demand potential for financial services at large.

In conclusion, it can be observed that the Bank is well aligned with the Group objective that each of its MENA entities should rank in the top tier of its country of presence.

DIRECTION



Direction

Net Profit Growth

115

Times

from 2006 to 2010

1. Letter from The Chairman

After five years of carefully planned and successfully managed growth, Bank Audi sae reached its first major milestone of being regarded as a professionally managed and significant privately owned Egyptian Bank. We also fulfilled the requirement of the Bank Audi sal- Audi Saradar Group acting as a distinct stand alone business in the Egyptian banking market. Our pride in these achievements including ranking 10th among the leading Egyptian private banks and representing 10% of the Group's Total Assets has led us to publish this first detailed Annual Report.

As Chairman, this report provides a unique opportunity to describe not only Bank Audi sae's continued development and success during 2010 in the context of the market environment last year but also to relate this to the dramatic events in Egypt and the prevailing change in circumstances occuring during the first part of 2011.

At the beginning of 2011, Egypt witnessed one of its great historic events, where thousands of educated youth from the middle class, managed to pave the way to millions of Egyptians to change the political system through a generally peaceful revolution. They have changed the course of their future by moving towards the objectives of Freedom, Dignity and Social Justice that are deeply rooted in the Egyptian nation's conscience. In doing so, they have proved - and rightly so – that this is a true continuation of revolutions and aspirations of Egyptians through modern history.

The revolution of January 25, 2011allows Egypt tremendous opportunities. Firstly, to rearrange the prioritization of national endeavours in accordance with the requirements of the Egyptian national security. Secondly, to lay the foundations of true freedom with a genuine democratic system relying on pluralism & devolution of power, on the political front, and strengthening social justice and equitable distribution of wealth on the social side. Thirdly, to build a society dominated by transparency and equal opportunities at the expense of corruption and abuse of power.

There is no doubt that the success in achieving the major objectives of the January 25 revolution in Freedom, Dignity and Social Justice will allow Egypt to exert an active role in its surroundings based on the facts of history and geography. This will open the door towards building a modern country that is more open to both the Arab and to the rest of the

external world. It will support opportunities for economic advancement by attracting Local, Arab and Foreign investments founded on a firm base of political participation and social acceptance, and the adoption of economic models that are more democratic and human within a free market system.

It is a unique chance to build a bright future as long as Egypt is able to achieve a safe passage through the risks and difficulties of the transitional period while being safeguarded by political tolerance, people's vigilance and determination to achieve the strategic goals of the January 25 revolution.

Building on the above, we see that the future will allow our bank more opportunities to enhance its role, which began in 2006, to support the Egyptian economy and social development, in a more attractive, transparent, competitive and stable environment.

Within this changing environment, all activity indicators of the Bank reported solid growth in 2010 and sustainability during the first part of 2011, which reinforced the Bank's position in the domestic market and the benefits of its balanced and professional banking management approach, with high emphasis on corporate governance and sound risk management practices.

In closing, I would like to express our sincere gratitude to all my colleagues for their motivation and professional behaviour and for their continued striving towards our values. Their exceptional conduct represents an undeniable and instrumental answer to the short-term environment challenges and comforts us in our capacity to move steadily ahead towards our long-term strategic objectives. Furthermore, I would like to express sincere gratitude to our clients for their loyalty and trust over the last few years.

Hatem A. Sadek

2. Bank Audi sae Performance Highlights in 2010

2010 was another year of significant achievements for Bank Audi sae. The Bank was able to post record profits through the combined effect of the sound growth of its lending portfolio, on the assets side, and a margin-focused approach, on the funding side.

The Bank's development over the first five years in the Egyptian banking market that witnessed several mergers & acquisitions, is marked by recording one of the best growth rates among its peers, in loans, profits and deposits, and rising from the last position to be ranked among the top 10 privately owned banks.

Balance Sheet main compositions as at December 31, 2010:

Assets Breakdown	Amount EGP MM	Percent
Net Loans	7,202	46%
Banks Placements	5,468	35%
Other Assets	573	4%
Portfolio Securities	2,434	15%
Total Assets	15,677	100%

Liabilities Breakdown	Amounts EGP MM	Percent
Private Customers	13,715	87%
Other Liabilities	565	4%
Shareholder's Equity	1,397	9%
Total Liabilities	15,677	100%

In fact, across all major activity indicators, Bank Audi sae reported significant increases in 2010:

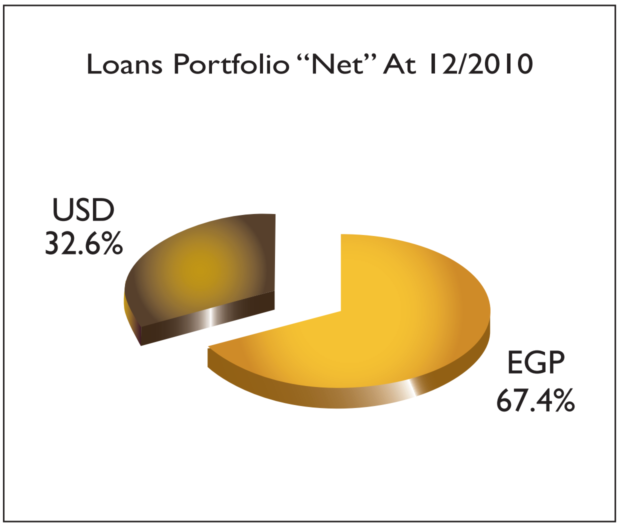
- The Bank secured close to 4.5% of the aggregate growth of deposits of all banks in Egypt with its Customer Deposits growing by EGP 4,248MM (+45%) to reach EGP 13,715MM at year-end being the highest growth rate in the Egyptian market.
- The Bank's Assets grew by EGP 4,186MM (+36%) reaching EGP 15,677MM at year-end, while total Off-Balance Sheet reached EGP 3.9 billion.
- The Bank's Paid-in Capital represents 2.5% of the total paid-in capital of the Egyptian banking sector.
- The Bank's earning power also gained strength, as Profits (after tax and provisions) grew by EGP 67.5MM (+63%) from EGP 107.2MM in 2009 to EGP 174.6MM in 2010,
- The Bank drove up its ROAE from 9.1% in 2009 to13% in 2010.
- These outstanding 2010 results were achieved while guarding the Bank's financial standing and risk profile. Indeed, the Loan Portfolio bears witness to a good level of asset quality, with one of the lowest Loan loss & provisions ratios in the Egyptian Banking market. As at year-end, Net Doubtful Loans (pertaining to the "old bank") represented 1.5% of gross loans and had a provisioning coverage ratio of 47% with such coverage ratio reaching 100% when accounting for collaterals. Furthermore, impairment aggregated EGP 125MM, the equivalent of 1.76% of net loans.
- In parallel, the Bank maintained a Liquidity Ratio of 28.6% versus the regulatory limit for local currency of 20% and for foreign currency 40.9% versus the 25% limit. The Bank's Capital Adequacy ratio (reported as per Basel II) stood at 13%, a level well exceeding the minimum international requirement of 8% and the Central Bank of Egypt's higher requirement of 10%.

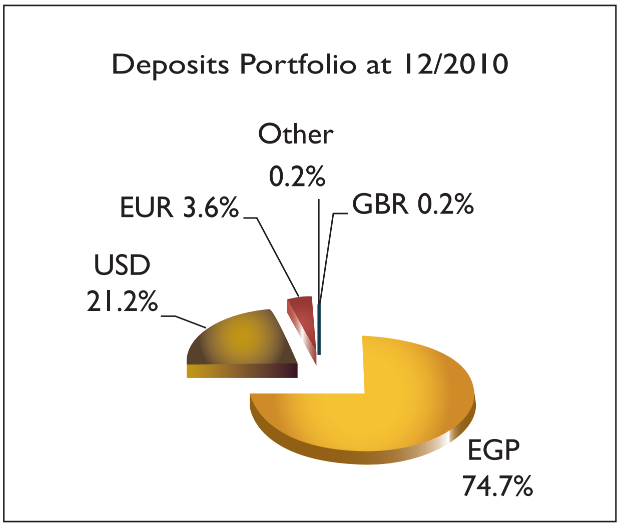
- Overall efficiency was also further enhanced as total income grew at a higher pace than general operating expenses (40% and 18% respectively), leading to the reduction of the Bank's Cost to Income ratio to 51% in 2010, versus 55% in 2009 and 75% in 2008.

- Activity Growth was mainly driven by corporate lending rising over the year by 46.8%, to EGP 6,023MM and representing 38% of the Bank's total assets.

- The Bank's Net Loans to Customer Deposits Ratio of 53%, reflects its financial flexibility.

- Shareholders' Equity reached EGP 1,397MM representing 9% of the Bank's assets at the same date.





The evolution of these key performance indicators reflects the Bank's sustained capacity to attract new customers and expand the array of products and services translating into a dynamic development of its business franchise. In fact, both the total number of customers and the total number of accounts continued to increase during 2010 with 13,557 new customers and 23,545 new accounts.

Bank Audi sae's performance in 2010 resulted in a further recognition and reinforcement of its positioning in the Egyptian banking market.

With a rapidly maturing presence in Egypt and the planned enhancement and diversification of its product and service offerings, Bank Audi sae's status as a meaningful privately owned bank in Egypt reached an important milestone in 2010. Therefore, Bank Audi sae's Management Team revisited its strategy and banking model with a view to identify opportunities and initiatives to implement further beneficial changes for its stakeholders. Among such changes, it expanded the scope of its two core Lines of Business, Corporate and Retail Banking and added further profit centre roles to its Treasury and Capital Markets and Financial Institution activities. Similarly, additional capability was added in the important areas of Operations, Branch Network support, HR, IT and the Governance, Financial and Risk Management functions. The Bank also embarked on a number of identified core change projects, while ensuring the continued robustness of its Internal Control Framework.

In conjunction with the Bank Audi sal – Audi Saradar Group, Bank Audi sae also assisted in the process of shaping a new IT Strategy in partnership with the business owners. This included making significant IT changes such as selecting and migrating towards a new IT architecture including a new Core Banking System and other efficient supporting applications.

3. Bank Audi sae performance compared to selected peer banks*

Item EGP MM	Bank	Dec.09	Dec.10	Difference	Growth Rate Dec 09- Dec 10
Major Balance Sheet Items:					
Total Assets	Bank Audi sae	11,491	15,677	4,186	36%
	Total Peer Banks	330,867	377,923	47,056	14%
Loans	Bank Audi sae	4,890	7,203	2,313	47%
	Total Peer Banks	142,864	169,719	26,855	19%
Customer Deposits	Bank Audi sae	9,424	13,715	4,291	46%
	Total Peer Banks	270,142	307,568	37,426	14%
Major Income Statement Items:					
Net Profit Before Taxes	Bank Audi sae	137	225	88	65%
	Total Peer Banks	8,159	8,951	792	10%
Net Profit After Taxes	Bank Audi sae	107	175	67	63%
	Total Peer Banks	6,786	7,381	595	9%
Net Financial Income	Bank Audi sae	376	480	104	28%
	Total Peer Banks	14,596	16,294	1,698	12%
Commissions & Other Revenues	Bank Audi sae	81	111	30	37%
	Total Peer Banks	3,007	3,564	557	19%
Interest Income	Bank Audi sae	266	341	75	28%
	Total Peer Banks	10,061	10,870	809	8%
General & Administrative Expenses	Bank Audi sae	208	246	38	18%
	Total Peer Banks	5,554	6,347	793	14%
Provisions	Bank Audi sae	31	9	-22	-71%
	Total Peer Banks	521	633	112	21%

*Name of Banks in the selected Peer Group (including the top 10):

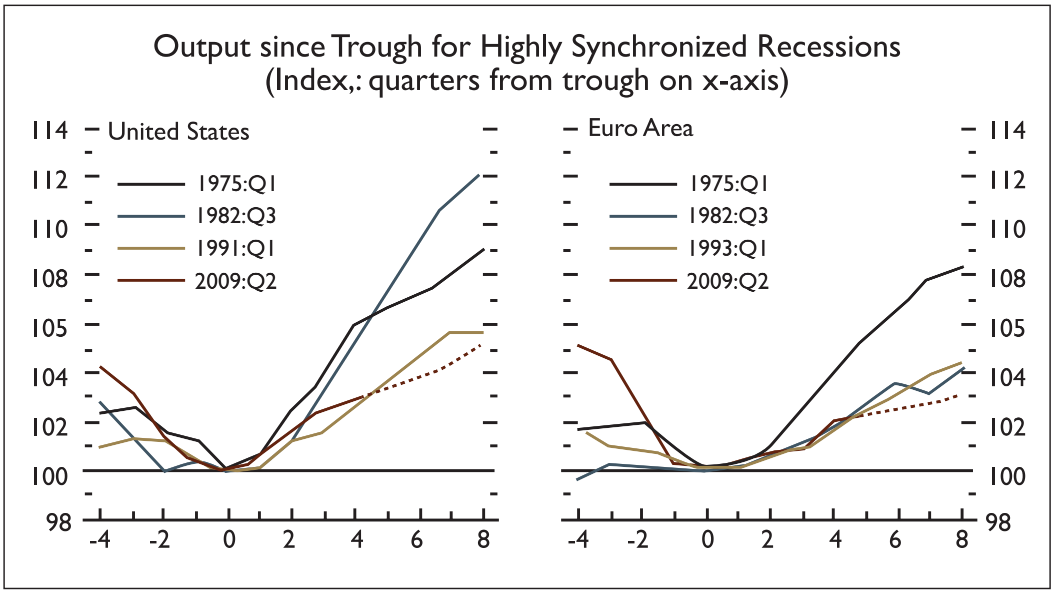
Ahli United Bank
Al Watany Bank of Egypt
Arab African International Bank
Bank of Alexandria (Intesa SanPaolo Group)
Barclays Bank (Egypt)
Blom Bank - Egypt
BNP Paribas
Commercial International Bank
Credit Agricole Bank (Egypt)
Housing & Development Bank
HSBC (Egypt)
National Bank for Development
National Societe Generale Bank
Piraeus Bank
Societe Arabe Internationale De Banque
Suez Canal Bank
Union National Bank

4. Global Macro Economic Overview in 2010

The global economy witnessed in 2010 a year of sluggish recovery. Real GDP growth registered a moderate 4.8% last year, as per IMF estimates, only emerging from a historically steep downturn in the previous year (2009 real growth at -0.6%). The global economy has actually been seeing an uneven two-speed recovery so far, with emerging economies mostly leading the way and advanced economies slowly emerging from troughs attained in the midst of the severe global crisis.

Although the global economy is on the recovery track, the pick-up in economic activity has been much slower than during previous crisis episodes. Industrial production, although rising from a low base in 2009, has not quite yet reached pre-crisis levels. Labor markets are mostly characterized by lingering weaknesses, with only modest declines in unemployment rates from recent peaks for the world's largest economies. Further, continued household deleveraging has dampened consumer spending, somewhat counterbalancing the positive effects of the various stimulus measures of various governments.

This gradual pick-up in global economic activity took place within the context of relatively elevated volatility in financial markets during 2010, driven by mounting worries over sovereign indebtedness mainly in peripheral European countries. This translated into a decline in investor confidence and subsequent adverse effects on equity and fixed income markets (drops in prices and widening of bond and CDS spreads). Yet, such spillovers proved temporary and have had limited effects on sovereigns beyond those concerned countries. Indeed, European rescue initiatives, front-loaded fiscal austerity measures on behalf of hard hit European sovereigns, and rather successful bank stress tests, helped tail risks recede and financial market conditions somewhat improve.



Source : IMF

Within the context of a lackluster global recovery evidenced by record low capacity utilization rates, monetary policies across the world's largest economies remained widely accommodative, especially within the context of weak inflationary pressures. Banking sector regulators around the world resorted to various policy measures to support financial market stability. Over and above maintaining key policy rates at historically low levels, Central banks provided large amounts of liquidity to the banking sector and acquired non-traditional financial assets in order to further encourage lending activity and foster liquidity in the system. Late in the year 2010, and by reason of a slow return to pre-crisis growth trajectories, the US Federal Reserve announced a second round of quantitative easing, dubbed QE2. This appears very likely to warrant an extension of ultra-low interest rates in a near term timeframe.

Within this global environment, Middle East and North Africa economies, which only suffered from a slowdown in activity during the previous "crisis year" on account of a general avoidance of financial excesses seen in large advanced economies, witnessed a gradual recovery in the year 2010. Real GDP growth reached 4.1% as per IMF estimates, up from 2.0% in the previous year. This ameliorated performance, though quite below the pre-crisis growth trajectory, was driven by rising average oil prices (up by a yearly 29% in 2010), government spending programs through additional fiscal stimulus and a relatively improved global environment supporting the region's external growth drivers at large.

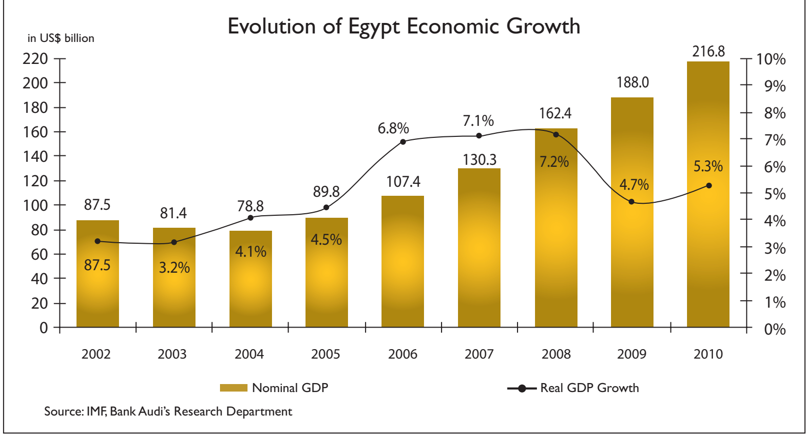
Real GDP Growth

Region/Country	2005	2006	2007	2008	2009	2010
World	4.6%	5.2%	5.4%	2.9%	-0.5%	5.0%
Advanced Economies	2.7%	3.0%	2.7%	0.2%	-3.4%	3.0%
US	3.1%	2.7%	1.9%	0.0%	-2.6%	2.8%
Euro Area	1.7%	3.1%	2.9%	0.4%	-4.1%	1.7%
Emerging Markets	7.3%	8.2%	8.8%	6.1%	2.7%	7.3%
Emerging Europe	5.9%	6.4%	5.5%	3.2%	-3.6%	4.2%
Emerging Asia	9.5%	10.4%	11.4%	7.7%	7.2%	9.5%
Western Hemisphere	4.7%	5.6%	5.7%	4.3%	-1.7%	6.1%
MENA	5.4%	5.8%	6.2%	5.1%	1.8%	3.8%
Sub-Saharan Africa	6.2%	6.4%	7.2%	5.6%	2.8%	5.0%

Sources: IMF, Bank Audi's Research Department

5. Egypt Macro Economic Overview in 2010

In a year of timid global recovery, the Egyptian economy managed to report a relatively favorable performance in 2010, outpacing global and regional benchmarks. Real GDP growth improved to 5.3%, against 4.7% the year before, but remained below the average 7% rate reported over the three years that preceded the global financial turmoil. As a matter of fact, the impact of the global sluggishness on the Egyptian economy was less than feared, especially that Egypt's exposure through tourism, Suez Canal traffic, remittances and FDI reported relative recovery in 2010. More importantly, robust activity in sectors directly benefitting from government support packages (construction, agriculture and telecommunications) provided an important support to economic growth.



Source: IMF, Bank Audi's Research Department

Within the context of relatively improving macroeconomic conditions, unemployment began to fall in 2010 to get close to the 9% threshold, though the challenge of creating jobs was still significant on the basis of a rapid growth in the Egyptian workforce. The strong domestic demand and the slightly recovering external demand kept inflation at a two-digit rate of 11.7% in 2010, though relatively lower than the 16.2% reported the year before, bearing witness to a slight alleviation in price pressures. Core inflation remained outside the comfort zone, suggesting that counter-inflation policies continue to be a key challenge within the Central Bank's medium-term goal of inflation targeting.

At the monetary level, monetary policy kept interest rates unchanged, with lending and deposit rates remaining at 9.75% and 8.25% respectively. The Central Bank of Egypt considered that inflationary pressures did not warrant a normalization of policy rates. Money supply M2 reported a growth of 12.4% in 2010, versus 10% in the previous year. The Egyptian Pound exchange rate reported a 2% average net depreciation in 2010, following a cumulative appreciation since 2005 within the context of a managed exchange rate regime. The containment of exchange rate volatility remains a more important priority in the Central Bank of Egypt intervention policy than the competitiveness of the currency.

At the fiscal level, the counter-cyclical fiscal stimulus had an adverse impact on Egypt's public deficit ratio which reported a four-year high of 8.2% in 2010, against 7.0% in 2009, underlining the persisting fiscal vulnerability tied to Egypt's public finance imbalances. The rising deficit did not reverse the recent improvement in debt dynamics, with Egypt's debt-to-GDP ratio reporting 74.2% in 2010, its lowest level over the past decade. The government in 2010 remained committed to fiscal consolidation and issued for the first time detailed 5-year forecasts of fiscal consolidation including a reduction in budget deficit to 3% by the year 2015.

At the capital markets level, the Egyptian equity market reported a relative improvement in 2010, though at a less pronounced pace than regional markets at large. The Egyptian Stock Exchange Index reported a net improvement of 9.5% in 2010, versus an 18.0% rise in the Arabian Stock Market index and a 10.4% surge in global markets over the year. The fixed income market maintained at end-2010 the same CDS spread that prevailed at the beginning of the year, i.e. close to 260 basis points, though undergoing some volatility in a period of growing global debt concerns, thus moving within a range of 190-270 basis points throughout the year.

In a regional environment of modest inflows leading to a weak balance of payments surplus, banking activity growth in Egypt was modest last year. Measured by consolidated assets of banks, activity grew from 10.1% in 2009 to 11.4% in 2010. Deposit increased by 11.2% to EGP 13.7 Billion compared to EGP 9.5 Billion in the previous year. Lending growth displayed a one-digit rate of 5.9% for the second year in a row, growing by a mere EGP 2.3 billion on the basis of persisting asset quality concerns. Still, banks in Egypt benefitted from improving domestic macroeconomic and market conditions with favorable effects on non-interest income that helped offset the adverse effect of contracting spreads and interest margins on their bottom lines at large.

(in US$ billion)	Dec-08	Dec-09	Variation	% Change	Dec-09	Dec-10	Variation	% Change
Egypt								
Bank Assets	190.5	210	19.5	10.20%	210	221	11	5.30%
Bank Deposits	141.4	156.7	15.3	10.80%	156.7	164	7.3	4.70%
Bank Loans	78.2	78.9	0.7	0.90%	78.9	78.9	0	0.00%
Mena								
Bank Assets	1,763.70	1,886.90	123.2	7.00%	1,886.90	2,006.70	119.8	6.30%
Bank Deposits	1,168.60	1,283.80	115.2	9.90%	1,283.80	1,372.90	89.1	6.90%
Bank Loans	916.5	964.4	47.9	5.20%	964.4	1,009.60	45.2	4.70%

Source: Central Bank of Egypt, MENA Central Banks, Bank Audi's Research Department.

6. 2011 Development in Egypt

In the midst of drastic domestic political developments in early 2011, Egypt's economy has been in disarray for the last few months, with some of the main sources of foreign exchange, including tourism and foreign investment, having buckled and many factories operating much below existing capacity. Egypt's exports also slowed significantly in light of political developments and many investments decisions have been put on hold until the political outlook gets clearer. Most sectors were actually affected in the early months of 2011, namely wholesale and retail trade, tourism, financial and business services, transport, telecommunications and manufacturing, leading to a downward revision of real output growth to 1% as per new IMF forecasts.

But a number of external growth drivers are not being much affected by the developments. The Suez Canal was operating more or less normally amid the crisis and hydrocarbon revenues have proven resilient to the turmoil. Suez Canal revenues reached US$ 2.1 billion in the first five months of 2011, up by 12% relative to the same period of the previous year. Workers remittances, which account for close to US$ 7.7 billion in foreign exchange revenues annually were only slightly affected and at a much less significant pace than other foreign currency inward flows. Remittances actually help sustain liquidity in Egypt's banking system and support its balance of payments at large.

In parallel, following a streak of fiscal improvements in recent years, Egypt's recent turmoil could lead again to a deterioration in public finances. The government is expected to increase spending on subsidies and public works projects adding to the recently adopted 15% wage hike in the public service, while revenue would be depressed by a fall in economic activity and trade. Public debt, which stands at circa 75% of GDP today, might rise to above 80% this year as government borrowing witnesses a rapid increase to finance a widening budget deficit.

Luckily, the economy is adequately buffered by a relatively high reserve cushion against capital outflows, low foreign indebtedness, robust external position and a solid and highly liquid financial system to withstand the transition. Although declining this year on account of forex intervention and weakening inflows, Egypt's official FX reserves remained considerable at US$ 27.2 billion at end-May, covering close to 26% of local currency deposits, allowing domestic authorities to dampen downturn related currency pressures. In parallel, with a healthy bank core liquidity ratio of 25%, a low loan-to-deposit ratio of 50% and a satisfactory capital adequacy ratio of circa 14%, Egypt's banking sector remains well positioned to weather short term economic spillovers from the unrest. Also, the country has been traditionally dependent on receiving financial support from well disposed external donors which could be stepped up to assist Egypt through this relatively tough transitory period.

At the capital markets level, the market downturn is creating growing appeal for domestic securities at the prevailing low prices. After a decline of 24% over the first five months of the year, equities became appealing for investors which increasingly take advantage of buying opportunities, with a current market P/E of 10.5x and P/BV of 1.51x (compared to regional averages of 13.5x and 1.67x respectively). Debt insurance costs which soared to their highest in 20 months in February reported subsequent gradual improvement. Indeed, the 5-year CDS spread, which rose from 260 basis points at the beginning of the year to 450 basis points at the peak of the turmoil, corrected down to 313 basis points by the end of the first half. Looking ahead, the possible materialization of a smooth and successful transition to a promising political landscape could pave the way for an increased attractiveness of Egypt's capital markets on the global arena.

The challenges of delivering on expectations for economic recovery are evidently unprecedented. But though issues like job growth requirements, fiscal drifts and inflation forecasts represent serious challenges to the outlook, the country's large opportunities outpace such challenges in an economy operating at much below potential output. The shock the political landscape brought about at the beginning of 2011 might end up, in the assumption of wise policymaking, carrying with it the triggers for sustainable and durable growth in real output and in the standard of living and welfare.

7. Bank Audi sae Strategic Direction

As mentioned, during 2010 Bank Audi sae took the opportunity to re-evaluate and redefine its Strategic Direction. This also included our Vision, Mission and Values, which continue to be aligned with the Bank Audi sal - Audi Saradar Group.

Vision

To be "The Egyptian partner of choice to bank with, work for and invest in".

Mission

To sustain & grow stakeholder's interests by:

- Achieving customer satisfaction in our chosen markets through superior service, effective products and efficient delivery channels.
- Nurturing staff loyalty and a culture of success.
- Maximizing shareholders value and sustainable return.
- Being an active partner and good citizens in our community.

Our Values

Creativity	: Encourage innovation and continuous development.
Human Interaction	: Promote diversity, provide equal opportunity, reward talent and value teamwork.
Integrity	: Promote trust through transparency and open communications with all stakeholders.
Accountability	: Accept responsibility for our decisions and actions to perpetuate our reputation and continue to embrace the challenges of change.
Citizenship	: Be a good citizen in the community in which we live and work.
Quality	: Strive for excellence and professionalism in everything we do.

Grow beyond your potential:

Grow beyond your potential reflects our desire to achieve dynamic growth and outperformance both internally and in relation to our customers and that there are no barriers for our aspiration targets, whether financial or non-financial. We look to help like-minded customers reach their similar aspirations.

Setting a solid path for the future:

The Bank in setting its strategic objectives which derived from its Vision and Mission has applied the Balanced Scorecard approach. This assures very effective strategic planning and leads to a comprehensive synchronization of the implementation of the Bank's aggressive five years Business Plan (2010 – 2014), change initiatives and action plans.

Periodic strategic, business and financial plans are prepared for key Lines of Business including product specialists and branches as well as the main Support and Control functions. The Bank has identified a set of integrated models within its overall banking model to ensure cohesion and effectiveness of effort and resources in achieving its Plans. We also prepare a rolling operating plan which sets out our key proposed business initiatives and the likely financial effects of those initiatives, which are further supplemented by detailed analysis of related risk appetite describing the types and quantum of risk that the Bank is prepared to take and the limits of risk tolerance in executing the Strategy.

In the near term:

The Bank aims to build long term affinity and relationships with its customers through a consistently high quality service and customer experience. To achieve this, the Bank uses the culture, values, professional skills and knowledge of its staff aligned to its financial strength and the important backing and synergies emanating from the Audi Bank sal - Audi Saradar Group.

Given the current uncertainties in the Egyptian, regional and global environment, the Bank will continue to work diligentyly to build a sound platform for achieving its plan by further developing our segmentation approach and reaching out to our existing and selected prospective client base with appropriate professional services. At the same time, we will continue to focus on practicing sound risk management by further refining our stress testing framework; rolling-out enhanced counterparty risk assessment; adding to our risk management information; portfolio and crisis management processes; ensuring our policies and practices are relevant including the prevention of financial crimes; considering scenarios and impacts from regional and global thematic risks; and remaining a leader in responding to changes in regulation of the Egyptian financial services industry.

In 5 years time

Upon the implementation of our aggressive Business Plan and with the support of the Group, Bank Audi sae aims to enhance and cement its position within the top tier of privately owned banks in the Egyptian banking market.

To achieve these aims, the Bank is planning gradually to convert into a full fledged Financial Institution by launching new products and by enlarging its position and services to encompass special segments such as High Net Worth and Islamic Banking clients as well as SMEs. To support these plans, the Bank intends a near doubling of its branch and outlet distribution.

THE TEAM

The Team

Number of Staff Growth

7.0

Times

from 2006 to 2010

The Board of Directors

Board of Directors

1. Board of Directors as at 31/12/2010

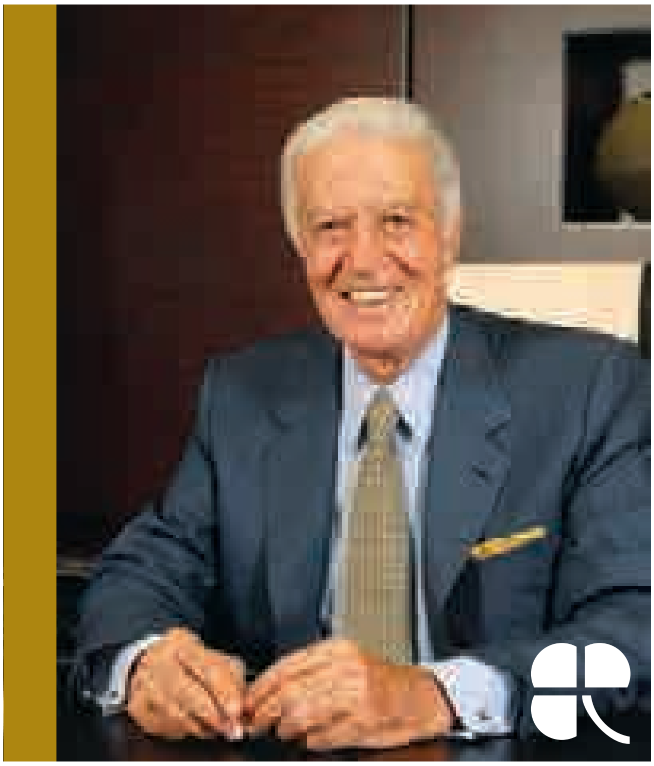
Members	Status	Members	Status
Mr. Hatem A. SADEK	Chairman & Managing Director	Mr. Samir N. HANNA	Member
Mr. Abdullah I. AL-HOBAYB	Member	Mr. Gaby G. KASSIS	Member
Mr. Raymond W. AUDI	Member	Dr. Mokhtar A. KHATTAB	Member
Dr. Freddie C. BAZ	Member	Mr. Ramzi N. SALIBA	Member
Dr. Marwan M. GHANDOUR	Member	Mr. Elia S. SAMAHA	Member

Mr. Ahmed F. IBRAHIM — Secretary of the Board

2. Board of Directors as at 30/6/2011

Members	Status	Executive Committee	Corporate Governance & Nomination Committee	Risk Committee	High Credit Committee	Remuneration Committee	Audit Committee
Mr. Hatem A. SADEK Chairman & Managing Director	Executive	✓	✓	✓	✓		
Mrs. Fatma I. LOTFY Deputy Chairman & Managing Director	Executive	✓			✓		
Mr. Abdallah I. AL HOBAYB	Independent						✓
Mr. Raymond W. AUDI	Non-Executive						
Dr. Freddy C. BAZ	Non-Executive			✓			
Dr. Marawan M. GHANDOUR	Independent					✓	✓
Mr. Samir N. HANNA	Non-Executive		✓		✓	✓	
Mr. Yehia Kamel Deputy Managing Director	Executive	✓	✓(Invitee)				✓(Invitee)
Mr. Maurice H. SAYDÉ	Independent						✓
Dr. Mohamed E. TAYMOUR	Independent		✓	✓		✓	

Mr. Ahmed F. IBRAHIM — Secretary of the Board



Mr. Hatem A. Sadek

Chairman & Managing Director since May 2006

Mr. Sadek graduated with a BSc in Economics & Political Science from Cairo University. He started work in 1964 as an assistant to the Chief Executive Officer in the Information Bureau of the President of Egypt.

Between 1968 and 1974 Mr. Sadek became Manager of the Research Center for Strategic Studies and editor at Al Ahram newspaper. He then joined the Bureau of the Secretary General of the League of Arab States for one year. Mr. Sadek's banking career started in 1976 when he established Arab Bank PLC regional office and branches in Egypt and held the position of Senior Executive VP & Chief Country Manager; in addition to Chairman of the Strategic Planning Committee for the Arab Bank worldwide between 2000-2001. Mr. Sadek then moved to Misr International Bank (MIBank) in 2001 where he held the position of Deputy Executive Chairman of MIBank as well as Deputy Chairman, Supervisory Board of MIBank Europe Gmbh, Frankfurt, Germany. From 2003 and 2005, he was MIBank's Executive Chairman where he launched and supervised MIBank's 5-year total restructuring program, until the Bank was acquired by National Société Generale Bank in September 2005. Mr. Sadek then became Consultant to Bank Misr's Board of Directors for Change and Restructuring Programs of Bank Misr before joining Bank Audi in 2006 as Chairman & Managing Director. He is also a Board Member of National Bank of Sudan, a subsidiary of Bank Audi sal, as well as Chairman of its Audit Committee.

Mrs. Fatma I. Lotfy

Deputy Chairman & Managing Director since June 2011

Mrs. Lotfy started her banking carrier back in 1977 at Chase National Bank, Egypt, currently Commercial International Bank, where she spent 20 successful years, during which she acquired multi experiences in different key businesses' areas, as she was in charge of Corporate Banking, International Department, Treasury and Investment Banking. In 1997, Mrs. Lotfy joined Egyptian American Bank (Affiliate of American Express) as Senior General Manager in charge of all the Bank's business activities and network.

In 2000, Mrs. Lotfy was recruited to manage Alwatany Bank of Egypt (AWB) as a Managing Director and Executive Board and Committee Member. Mrs. Lotfy carried out the complete restructure in AWB. In 2002, Mrs. Lotfy was appointed as a Deputy Chairman of Bank of Alexandria (200 branches) with a mandate for the restructuring and privatization of the Bank. After the successful acquisition by Intesa San Paolo, she was nominated as First Deputy Chairman & Managing Director in 2007 mandated by international foreign division of Intesa San Paolo. Finally, Mrs. Lotfy joined Bank Audi sae as a Deputy Chairman & Managing Director in April 2011 and her position as an Executive Board Director of the Bank was ratified in June, 2011.

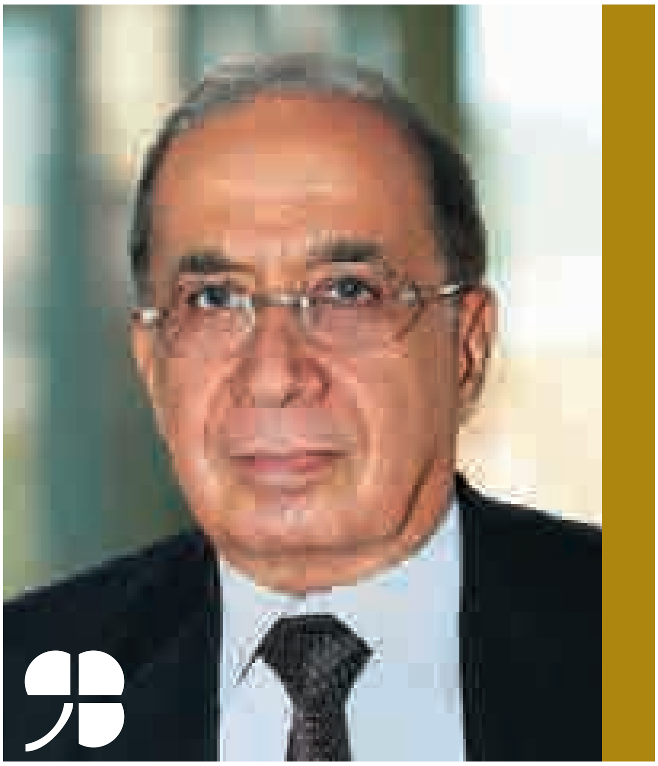
Mr. Abdullah I. Al-Hobayb

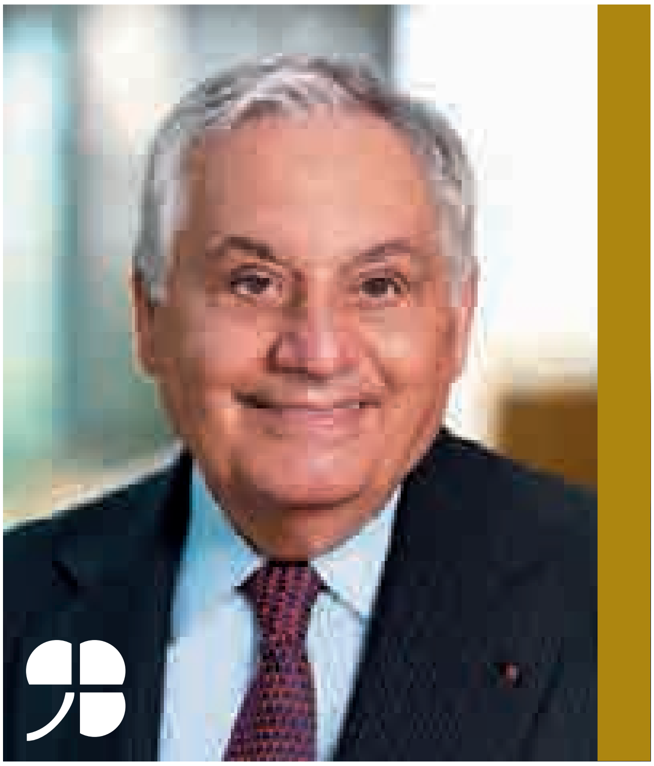
Board Member since March 2008

Mr. Al-Hobayb is the Chairman of Audi Capital (an Investment Banking subsidiary of Bank Audi, incorporated in the Kingdom of Saudi Arabia) and a member of the Board of Directors of Bank Audi sae in Egypt. Mr. Al-Hobayb also was an advisor to the outgoing Board of Directors of Bank Audi.

Mr. Al-Hobayb is the Chairman of several leading companies in Saudi Arabia comprising ABB Saudi Arabia (a leader in power and automation technologies), General Lighting Company Ltd (one of the largest manufacturers in the Middle East lighting industry), Ink Products Company Ltd (manufacturer of industrial ink) and United Industrial Investments Company Ltd (a leading paint manufacturing company).

Mr. Al-Hobayb holds a Master's degree in Electrical Engineering from Karlsruhe University in Germany.





Mr. Raymond W. Audi

Board Member since April 2006

Mr. Audi acts as Chairman of the Board of Directors and General Manager of Bank Audi sal Audi-Saradar Group since December 2009. Mr. Audi had also served as Chairman of the Board of Directors and General Manager from 1998 through 2008, resigning from this position when he was appointed as Minister of the Displaced in the Lebanese Government. Mr. Audi resumed his position as Chairman of the Board of Directors effective December 22, 2009.

Mr. Audi started his banking career in 1962, when, together with his brothers and with prominent Kuwaiti businessmen, he founded Banque Audi sal (now Bank Audi sal - Audi Saradar Group), building on a successful long-standing family business. Raymond Audi has played an active role in leading Bank Audi through both prosperous and challenging times to its current status as a widely recognized leading Lebanese and regional bank. He served as President of the Association of Banks in Lebanon in 1994.

Mr. Audi is the recipient of several honors and awards, including, in July 2007, an Honorary Doctorate in Humane Letters from the Lebanese American University.

Dr. Freddie C. Baz

Board Member since April 2006

Dr. Baz joined the Bank in 1991 as advisor to the Chairman and founded the Secretariat for Planning and Development at the Bank.As the Group Chief Financial Officer and Strategy Director, he now has overall authority over the finance and accounting, MIS and budgeting functions throughout the Group, and is responsible for the development of the Group strategy.

He is also the Chairman of the Board of Directors of Bank Audi Saradar France sa, a fully owned subsidiary of Bank Audi. Furthermore, Freddie Baz is the Managing Director of Bankdata Financial Services WLL which publishes Bilanbanques, the only reference in Lebanon that provides an extensive structural analysis of all banks located in Lebanon.

Dr. Baz holds a State PhD degree in Economics from the University of Paris I (Panthéon – Sorbonne).

Dr. Marwan M. Ghandour

Board Member since April 2006

Dr. Ghandour is an independent member of the Board of Directors of Bank Audi since March 2000 and the Vice-Chairman of the Board of Directors since December 2009.

He is a previous Vice-Governor of the Central Bank of Lebanon. Dr. Ghandour held this position between January 1990 and August 1993, with primary responsibilities in the area of monetary policy. During this period, he was also a member of the Higher Banking Commission and various other government committees involved in economic policy. In this capacity, he liaised with various international institutions such as the International Monetary Fund (IMF), the World Bank and the Bank for International Settlements (BIS). Since 1995, Dr. Ghandour has been Chairman and General Manager of Lebanon Invest sal, a leading financial services group in the region whose holding company merged with Bank Audi in 2000. Dr. Ghandour was elected member of the Board of Directors in 2000, and Chairman of the Board of Directors of Audi Saradar Investment Bank sal, a fully owned subsidiary of Bank Audi, in 2005. In December 2009, he was elected Vice-Chairman of the Board of Directors. Dr. Ghandour holds a PhD in Economics (Econometrics) from the University of Illinois-USA and Post-Doctorate research at Stanford University California-USA.

Mr. Samir N. Hanna

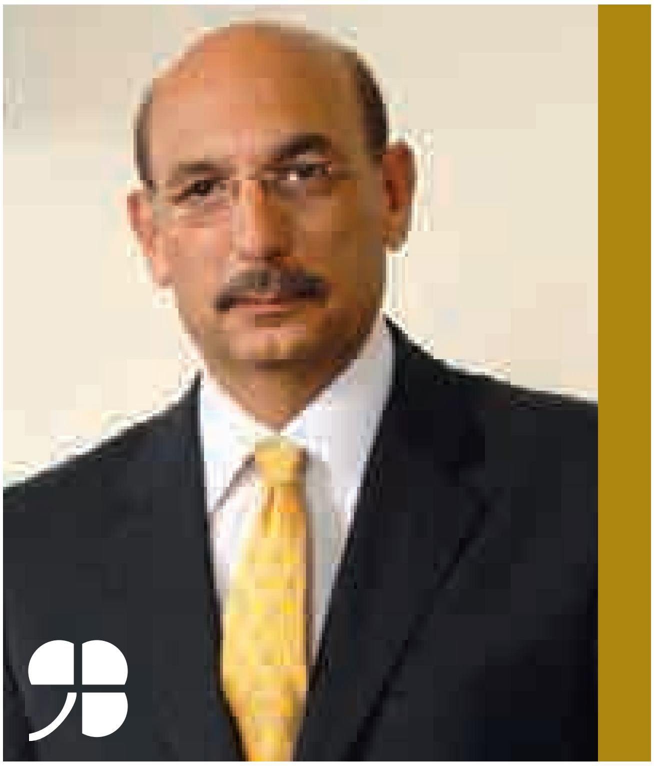
Board Member since April 2006

Mr. Hanna started his banking career at Banque Audi sal (now Bank Audi sal - Audi Saradar Group) in January 1963.

Mr. Hanna held positions across several departments of the Bank in Lebanon, before moving to the United Arab Emirates in 1975, where he was appointed General Manager of a joint venture bank in which Bank Audi participated.

Mr. Hanna relocated to Lebanon in 1982 and was appointed General Manager of Bank Audi in 1986. In the early 1990s, Mr. Hanna initiated and managed the restructuring and expansion strategy of the Bank, transforming it into a local banking powerhouse that offers universal banking products and services.

Mr. Hanna currently serves as the Chief Executive Officer of the Group and, as such, is leading the development of the Group to become a leading regional financial institution.



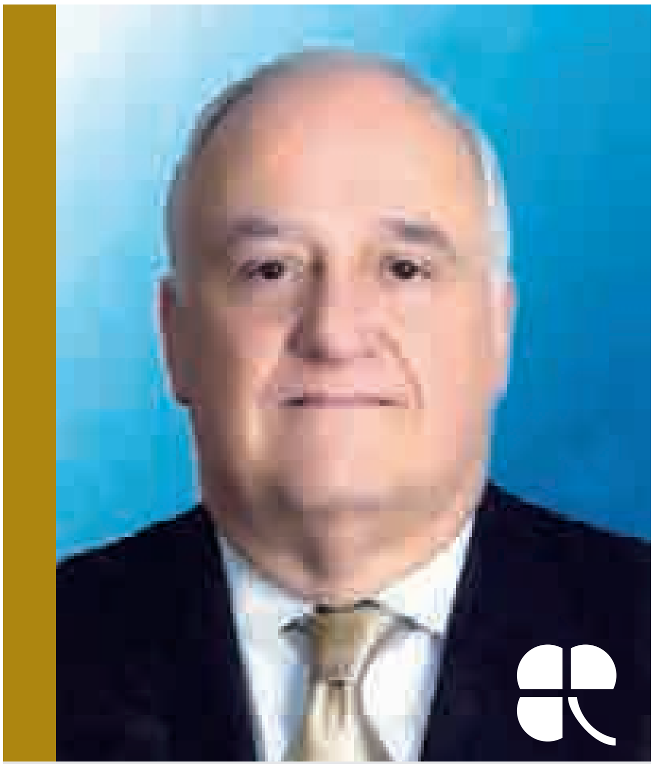
Mr. Yehia Kamel

Deputy Managing Director since June 2011

Mr. Kamel has a banking career extending over 30 years and covering most areas of the banking activities. In 1978, Mr. Kamel started his carrier in Misr International Bank where he held leading positions across various banking activities such as Finance, Operations, Audit, Compliance, Planning and Organization. In early 2006, he made a successful move to Bank Audi sae, where he participated in launching the Bank's first operational activities and was appointed as the Bank's COO, responsible for: Operations, administration, Engineering, Finance, Strategic Support, Human Resources, Information Technology, Communications, Information Security and Compliance.

In June 2011, Mr. Kamel was elected by the Board as Executive Board Member and Deputy Managing Director. Along with the above, Mr. Kamel is a consultant for Bank Audi - Sudan Audit Committee.

Mr. Kamel holds a BA in accounting from Cairo University and has attended many conferences, seminars & trainings locally and internationally in diversified banking areas.



Mr. Gaby G. Kassis

Board Member from March 2008 until May 2011

Mr. Kassis is a General Manager of Bank Audi in charge of Regional Expansion. In this capacity, he follows through the establishment of new external entities as and when decided. Mr. Kassis joined Banque Audi sal (now Bank Audi sal – Audi Saradar Group) in 1997, moving from American Express Bank where he had spent 22 years, the last 13 of which as General Manager of the bank, covering Lebanon, Jordan, Syria and Iraq. At Bank Audi, Mr. Kassis started as Deputy General Manager and Secretary of the Board, and held that position until 2006, with oversight responsibilities over Information Technology operations and the Retail Banking business line between 2001 and 2003.

In 2004, Mr. Kassis launched the Bank's operations in Jordan, heading them for 2 years before moving to Egypt in 2006, where he also successfully launched the Bank's operations. Prior to relocating to Lebanon in March 2008,

Mr. Kassis acted as Vice Chairman and Managing Director of Bank Audi sae and was member of its Board of Directors.

Mr. Kassis holds a Bachelor's degree in Business Administration from the American University of Beirut.

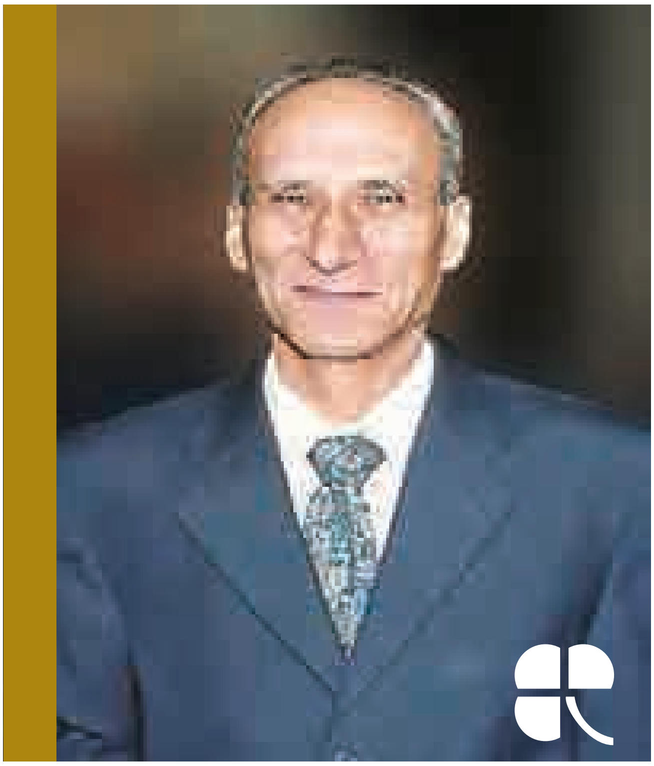
Dr. Mokhtar Khattab

Board Member from December 2006 until May 2011

Dr. Khattab is an independent member of the Board of Directors since December 2006. Hold a PhD in Economics; he started his carrier as a Professor in the University in Egypt and than in Saudi Arabia.

In 1991, he joined the Egyptian Minister Cabinet as Head of Information & Decisions Support Centre. Beginning of 1996, served as a consultant for Minister of Public Enterprises Sector, specialized in the privatization area.

In 1999, Dr. Khattab was appointed as a minister of Public Enterprises Sector until 2004.



Mr. Ramzi N. Saliba

Board Member from April 2006 until May 2011

Mr. Saliba joined Bank Audi in 2004, moving from BankMed sal where he was the General Manager after having successively held the positions of Deputy General Manager (from 1983 to 1995) and General Manager (from 1995 to 2002). Throughout his career at Bankmed. Mr. Saliba had primary oversight responsibilities over the Branch Network, the Central Operations, the Finance and Accounting, the Correspondent Relations, the Personnel Administration and the Credit Administration, in addition to the Corporate Banking, the Project Finance, the Retail Banking, the Private Banking and the Investment Banking.

Mr. Saliba headed the Group Corporate Banking at Bank Audi; he is also a member of the Board of Directors of several banking subsidiaries of the Audi Group. Mr. Saliba is currently acting as Advisor to the CEO on Human Resources matters for the Group. Mr. Saliba holds a Bachelor's degree in Economics from Emory and Henry College – USA, and in 2004 he received a Diploma Certificate in "Advanced Management Program" from the Harvard Business School.

Mr. Elia S. Samaha

Board Member from July 2007 until May 2011

Mr. Samaha is a General Manager of Bank Audi, in charge of regional expansion in Syria and Jordan, and runs the Group's financial institutions' business globally. Mr. Samaha joined Bank Audi in 2007, moving from Citibank/Citigroup where he had started his career in 1980 as a Management Associate in the Corporate Bank in Beirut. Of his 27 years with Citigroup, he spent 15 in Athens, Dubai, Abu Dhabi and Cairo, with short-term assignments in New York and London.

Mr. Samaha focused on country management and business development as well as on Corporate Banking, Corporate Finance and Risk Management. His last assignment with Citigroup was as Managing Director in charge of the Citigroup franchise in Egypt and of Corporate Banking and Corporate Finance for the Levant and North Africa region. Mr. Samaha is also a member of the Boards of Directors of several banking subsidiaries of the Group, notably in Syria, Egypt, Qatar and France. Mr. Samaha is a member of the Middle East Advisory Board of the Suliman S. Olayan School of Business at the American University of Beirut. Mr. Samaha holds a Bachelor's degree in Economics from the American University of Beirut.

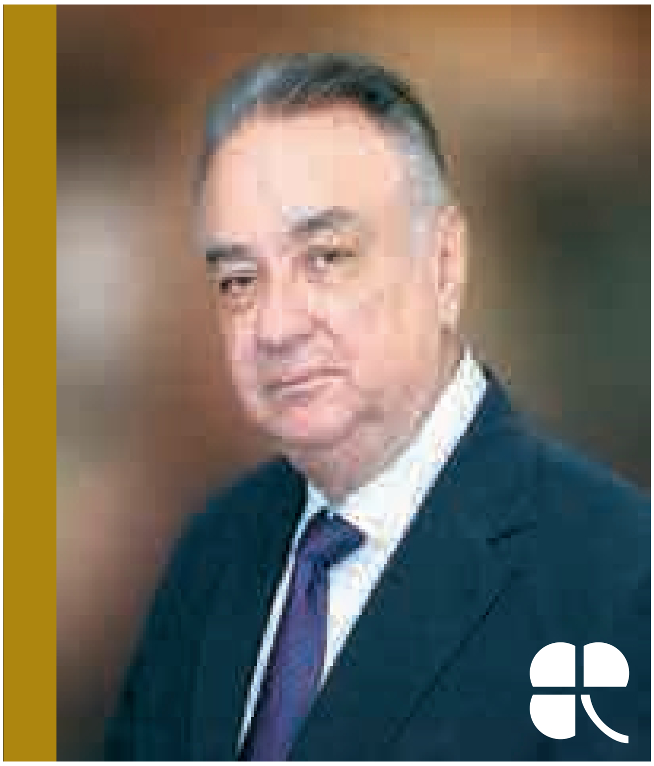
Maurice H. Saydé

Board Member since June 2011

Mr. Saydé is a prominent Lebanese Banker, a previous member of the Lebanese Banking Control Commission and a previous member of the Higher Banking Commission of the Lebanese Central Bank. Mr. Saydé started his banking career in 1962 at the Banque de Syrie et du Liban where he remained until 1966, when he joined the Banking Control Commission. He moved to Crédit Libanais sal in 1970 and was appointed its General Manager in 1985. He remained in this position until his appointment, in 1990, as member of the Banking Control Commission and member of the Higher Banking Commission of the Lebanese Central Bank. He occupied these positions until 1998. Since then, he has acted as Group Advisor to the Audi Group notably on Corporate Risk Management. He was elected member of the Board of Directors of the Bank in June 2006 and resigned on July 2008. Since then he acts as Advisor to the Board of Directors in Audit Committee matters.

Dr. Mohamed E. Taymour

Board Member since June 2011



Dr. Taymour is Chairman of Pharos Holding, an investment bank that includes brokerage, asset management, advisory activities, and private equity. Dr. Taymour was founder and Chairman of EFG-Hermes, helping to transform it from a start-up into the largest non-bank financial services firm in the Middle East. Dr. Taymour has worked as a consultant – for both the Egyptian government and private institutions – on a variety of assignments related to capital markets. He has held senior positions in investment banking and development banking institutions in Egypt and Kuwait. Prior to establishing EFG, he was head of the Projects Division at the Arab Fund for Economic and Social Development in Kuwait.

Dr. Taymour has been a prominent member of the American Chamber of Commerce in Egypt since 1988, serving as chair of the Investment Committee from 1991 to 1997 and chair of the Stock Exchange Committee from 1998 to 2002. In 2003, and again in 2005, he was elected as a member of the AmCham board of governors. He was the chairman of the Egyptian Center for Economic Studies from 2007-2009. The center is a think tank covering local developmental issues. In addition to his duties as Chairman at Pharos Holding, Dr. Taymour is Chairman of the Egyptian Capital Market Association. Dr. Taymour earned his undergraduate degree in industrial engineering from Cairo University and earned a Doctorate degree in system analysis from Thayer school of Engineering, Dartmouth College, USA, 1970.

The Management Team

In addition to Mr. Hatem Sadek, Mrs. Fatma Lotfy & Mr. Yehia Youssef, the Bank's Management Team comprises:-

Mr. Assem K. Awwad

Head of Corporate Banking

Graduated with a BA in Accounting from Faculty of Commerce, Cairo University in 1984 and has obtained his Professional Certificate in Banking Credit Management from the American University in Cairo in (AUC) in 1993.

Over the past 26 years, Mr. Awwad held several positions in the banking sector, including Arab Bank plc as a South Cairo Area Manager & before as an Executive Manager for one of the main branches of that bank. Also he worked at the Egyptian American Bank (EAB) and the Commercial International Bank (CIB), where he worked for 2 years under the management of the Chase National Bank of Egypt. His experience covered all banking areas including Trade Finance and Treasury and other areas and he has participated in several conferences, seminars & training programs locally and internationally. In 2007, Mr. Awwad joined Bank Audi sae as Head of Large Corporates and has succeeded in building a large healthy loan portfolio during the early years of the Bank's establishment. In 2010, Mr. Awwad became the Head of Corporate Banking at Bank Audi sae.

Mr. Hossam E. Abdelwahab

Head of Retail Banking

Mr. Abdelwahab holds a degree in Accounting and Auditing from Kuwait University, 1989.

Mr. Abdelwahab started his career in 1989 in Gulf Bank- Kuwait. Later in 1991, he moved to Procter and Gamble (P&G), where he spent 10 years between Saudi Arabia and Egypt. During his stint in P&G, he assumed different role in Profit Forecasting, Budget Control, Financial Reporting and Investment Management.

Mr. Abdelwahab is part of Bank Audi sae management team and is the Head of Retail Banking. Mr. Abdelwahab joined the Bank from Citibank, where he spent 8 years working across different functions, initially in Egypt as Resident Vice President in charge of Collections and Fraud Risk Management, then Head of Branch Network, and later Vice President - Operations. In 2006, he moved to Citibank Regional Office in London as Vice President- Credit Operations, covering Europe, Middle East and Africa.

Mr. Abdelwahab has also received a number of professional trainings in Leadership and Management, Retail Banking, Portfolio Management, Credit Scoring, Quality and Internal Control. In addition to that, he moderated several courses in Core Consumer Credit, Branch Banking and Investment Management.

Mr. Mohamed Labib
Head of Branch Network

Mr. Labib graduated from Faculty of Commerce in 1986, with major in Accounting. His Banking carrier started with Arab Bank Plc since 1987. Mr. Labib spent almost 20 years in Arab Bank starting from a customer service officer and ended as a Branch Manager.

During these years, he gained several experiences by which he developed a professional customers' relationships through establishing a wide clientele base. Additionally, Mr. Labib has attended several trainings & seminars with prime institutions adding to his banking experience.

In 2006, Mr. Labib decide to join Bank Audi sae as one of the pioneers of the bank as a Branch Manager. In 2010, Mr. Labib became responsible of Bank Audi sae Branch Network, in charge of developing the Bank franchise by efficiently managing all branches.

Mr. Mostafa A. Gamal
Head of Treasury & Capital Markets

Holder of a BA in Accounting from Cairo University, Mr. Gamal started his banking carrier back in 1990 with 21 years of experience. In 1990, Mr. Gamal landed an opportunity with Commercial International Bank (CIB) as a Head Teller and Customer Service. Later in 1997, he was appointed as a Global Trading Support supervisor in CIB Treasury Group. By mid of 2001,

Mr. Gamal undertook a new challenge as Chief Dealer of Fixed Income & Money Market in CIB Treasury and Capital Markets Group where he spent 10 fruitful years skillfully managing sizable funds and significantly broadening the client base. With his financial wit and powerful yet graceful management skills, Mr. Gamal succeeded in coaching his team during more than one turbulent financial upset that hit the global markets. In addition to being a Portfolio Manager in the Egyptian Investment Management Association,

Mr. Gamal attended several Certified International conferences and proficient training skewed towards vital areas such as interest rate management, derivatives and quant models which all enriched his area of expertise where he has shown remarkable performance. Such exposure alongside his previously mentioned merits and career, rightfully earned him his new post as Head of Treasury & Capital Markets in Bank Audi sae starting 2011.

Mr. Mohamed R. Latif

Head of Financial Institutions & Correspondent Banking

Graduated with a BA in accounting from Cairo University. Since 1996 up to 2006, Mr. Latif was employed by American Express Bank, started as a Credit Analyst in charge of analyzing Banks in Egypt & GCC.

In 2000 was appointed as one of the top ten potential employees of American Express Bank, following an orientation & training in most of the banking areas in different countries, he became a Relationship Manager at American Express Bank in charge of marketing all AMEX products to banks in Egypt. Mr. Latif was awarded several times at AMEX, in 1997 & 1998 as one of the "Employees of the Year",

in 2003 & 2004, the "Highest Achiever of Revenue Growth" across MENA Region, in 2004 "Chairman Special Award" for the outstanding results achieved. In 2006, Mr. Latif made his successful move to Bank Audi sae as a Senior Manager, being one of the pioneers who joined the Bank at its early start-up operation. He was promoted several times until he became the Head of the Financial Institutions in 2008.

Mr. Latif holds many degrees from the American University in Investment Management, Banking Credit Management & Financial Management. Moreover, in 1998 obtained a "Professional Credit Management Certificate" from American Express Bank, New York. Additionally, he holds a Diplôma in the French Language "Alliance Française" since 1990. Mr. Latif attended several international seminars & trainings globally enriching his knowledge in different areas of the banking activities.

Mr. Khaled F. El Dafrawy

Head of Small & Medium Enterprises (SMEs)

Mr. El Dafrawy is a holder of a BA degree in Accounting from Cairo University and a Master degree in Economics from The American University in Cairo. In addition , he has received numerous prominent training that strengthened his background and experience among which is an intensive course on Financial Institution for private Enterprise Development (FIPED) from Harvard University and a comprehensive 6-courses banking certificate from chartered institute of Bankers in England.

Mr. El Dafrawy started his career back in 1984 as a Credit Analyst in the Egyptian Gulf Bank then moved to Arab Bank Plc as a Senior Account Officer in the Credit Department. Later he made a successful move to the Social Fund for Development (SFD) where he spent 14 fruitful years working his way from an Assistant Manager in Financial services to SMEs to Loan Portfolio Quality Manager and later on as a Senior Manager and finally as an Assistant General Manager of Credit Risk. In mid 2008, Mr. El Dafrawy made a successful move to National Bank of Egypt as a Director of SMEs-Corporate Banking and with his highly valuable & competent experience. In September 2010, Mr. El Dafrawy joined Bank Audi sae as Head of SMEs.

Mr. Mohamed M. Bedeir

Chief Financial Officer

Holds a BA in Management from Sadat Academy for Managerial Science. Attended various conferences and obtained professional certified training both locally and internationally in diverse banking areas which enriched his valuable 20 years of experience. Mr. Bedeir started his carrier in 1991 at Misr International Bank, where he spent 16 fruitful years moving up the ladder across various positions. In 1991, Mr. Bedier moved to the Trade Finance Department working across different trade products. In 1996, he joined the Multi-National Credit Department, where he added a different angle to his exposure & experience.

In 2000, Mr. Bedeir joined the Investment Department as an Investment & Private Equity Manager. In 2002, while Misr International Bank was going through a major restructure and later after the acquisition by NSGB, he was chosen to assume the responsibilities of the Head of Asset & Liability Management in the Bank Finally. In 2007, he joined Bank Audi sae as Head of Market Risk and Assets & Liability Management where he played a highly proactive role in the start-up operations and with his dedication and perseverance to the bank, he moved to the Finance Department as Deputy CFO in December 2008, and became the CFO in April 2009.

Mrs. Amany A. Shams Eldin

Chief Operating Officer

Graduated from Faculty of Commerce, major Accounting in 1980. Mrs. Shams Eldin has 30 years of banking experience mostly in international banks, where tremendous experience was gained, strengthened and expanded, fourteen of which at Bank of America, eight years at United Bank of Egypt and four years at BNP Paribas.

Her expanded experience covered many areas in the banking sector including Operations, Organization & Re-engineering, Administration & Engineering, Budgeting & Expense Control, Human Resources, Information Technology, Audit & Internal Control, Compliance, Money Laundering, & Retail Banking.

In 2006, she made a successful move to Bank Audi sae being one of the pioneer team members who witnessed the launch of the Bank.

Mrs. Shams Eldin built a strong diversified team at the different operations functions. Mrs. Shams Eldin was nominated a Deputy Chief Operating officer in 2008, in charge-of managing the Centralized Operations, Trade Finance, Procurement, Administration, & Engineering and Organization & Reengineering Department.

Mr. Hesham S. Mabrouk

Head of Information Technology (IT)

Mr. Mabrouk graduated in 1987 from Faculty of Engineering, Cairo University with a Bachelor's Degree in Engineering and earned his MBA in 2004 from the American University in Cairo. Over the past 21 years, Mr. Mabrouk held a number of leading positions within the IT industry. He started his career in 1989 as a Systems Engineer in IBM serving the Banking and Insurance sectors.

During his 8 years in IBM he managed the implementation of a number of large technology projects in banks and insurance companies in Egypt.

In 1994 he was awarded "IBM Professional Excellence Award" in recognition of his efforts to implement IBM Fund Transfer Gateways in major banks in Egypt.

Mr. Mabrouk moved to United Bank of Egypt as Head of IT in 1997 where he led the technology transformation project in the Bank including the implementation of new core banking and all delivery channels In 2004 Mr. Mabrouk was elected as a board member in the "Egyptian Company for Technological Advancement" which manages the national ATM switch among other national payments systems.

Late 2004, Mr. Mabrouk joined Raya as the General Manager for Financial Solutions. In 2005 he participated in the launch of Raya e-finance which is currently managing major government payment systems.

Finally in 2006, Mr. Mabrouk joined Bank Audi sae Head of IT where he was part of the start-up team who built all IT infrastructures for the head office and branches' network.

Mr. Walid K. El-Watany

Head of Human Resources (HR)

Graduated from Police Academy in 1989 with 22 years of experience in different areas, which added to his knowledge, experience, and exposure. In 1994, Mr. El-Watany started his career as a member of Administration Control Authority (ACA) in which he was exposed to the highest ranked positions in the Government.

In 2000, he joined Arab Bank Plc, Egypt, where he spent 5 fruitful years.

In 2005, he moved to Qatar working in the Human Resources department, in Dala Brokerage and Investment Company as a member of the start up team in corporation with Deloitte Macintoch consultancy in structuring the entity and the creation of the HR function.

In 2007, he was appointed by Bank Audi sae as HR operational manager, than in 2010, Mr. El-Watany was promoted to Head of Human Resources. Mr. El-Watany has a wide experience in dealing with various cultures, conflicts and building teams. He is a Certified Trainer who conducted more than 1000 training hours in different management & HR Technical skills.

Mr. Ahmed F. Ibrahim

Head of Strategic Support

Graduated from the American University in Cairo – Business Administration in 1983. Mr. Ibrahim joined MIBank in 1983 and successfully passed the Chase Manhattan Credit Course. He worked at the Corporate Banking Department for over 19 years. Enriched by his Corporate Credit knowledge, Mr. Ibrahim moved to Credit Risk Department for two years. In 2003, Mr. Ibrahim was appointed to establish a new department for Strategic Support, its main responsibility was to lead and coordinate the Strategic Planning Process of the whole Bank, including advising on key macro external and internal market and performance indicators as well as reporting the results of strategic implementation to the Board of Directors.

Mr. Ibrahim was a member of the restructuring program of MIBank with Lloyds TSB. Mr. Ibrahim then joined Bank Audi sae. since its early establishment in May 2006, as Head of the Strategic Support responsible mainly for monitoring the duly execution of the Bank Business Plan and Strategy implementation, moreover Mr. Ibrahim was appointed by the Board of Directors as the Board Secretary since 2010.

Mr. Ibrahim is also a member of the newly established Project Management Office (PMO), where his main responsibility is from the business side to facilitate and monitor the implementation of the Bank's core projects. Mr. Ibrahim was selected to enroll in Senior Bankers Program for Top Bankers – Central Bank of Egypt / Banking Institute in 1990 and is also a Certified Banker from The Charted Institute of Bankers - United Kingdom UK.

Mr. Mohamed N. Shalaby

Head of Project Management Office (PMO)

Graduated in 1983 with a BA in Accounting from Cairo University. In 1989, Mr. Shalaby obtained the NCC Certificate (Master Degree) from British Computer Society, England, in computer science, programming, analysis and system design. Started as a system analyst and programmer at MIBank, and became Head of Software & Application Development, responsible for aligning software applications with business strategies and enhancing business operations. In January 2006, he was appointed to work for NSGB as a system analyst, managing the migration process to a new core banking system, leading the Egyptian team's group and jointly working with French team consultants to accomplish such huge migration project

In May 2007 he joined a private IT company –as a Deputy General Manager, responsible for managing various banking projects, including the implementation of Investment Portfolio Project at the Central Bank of Qatar. In August 2010, Mr. Shalaby moved to Bank Audi sae as the Head of Project Management office.

Ms. Heba M. Gaballa

Head of Communications

Ms. Gaballa holds a BA in Business Administration with a double concentration in Marketing and Economics from the American University in Cairo (AUC) & from University of California in Los Angeles. Ms. Gaballa obtained her MBA from the American University in Cairo with double concentration in Marketing & Management as well as received numerous training in business, management and marketing. Additionally, she has taught undergraduate courses in Marketing & Management at AUC and in other private universities as well as given professional certified training and consultancy in Business, Management and Marketing.

Ms. Gaballa's career started back in 2000 working as a junior consultant at Arab Marketers and was the official Marketing Consultant in several big key accounts such as Vodafone, Nile Telecom, Egypt Telecom, SODIC Real-estate (Beverly Hills), Motorola and others. Then in 2003, she made a successful move to Olympic Group (OG) as a Marketing supervisor handling one brand, then she worked her way up until heading the Marketing Communication department for all brands under OG while starting the Marketing Research and Media Monitoring units within the department. Later, Ms. Gaballa worked as a consultant with the European Union and Industrial Modernization Center (IMC) where she handled small projects like Domty, Enjoy and others ranging as well as big projects like Bank Misr and Reconstruction of Ministry of Agriculture where she worked closely with Ministers and international consultants.

Finally, in 2006 Ms. Gaballa joined Bank Audi sae, toghether with the start-up team who launched Bank Audi and through the last 5 years, she managed to spread the corporate brand awareness of Bank Audi and achieve needed level of brand equity with a strong competent team across all business functions. Ms. Gaballa has built the Communications Department including Media Monitoring functions.

Mrs. Samar A. Hobeika

Head of Market Research Department

Graduated in 2001, from "Université Saint Joseph" - USJ Lebanon, with a bachelor degree in Marketing and Advertising.

In 1998, Mrs. Hobeika started her career in Lebanon as marketing researcher officer at Startegix Impact Marketing. In 2000, she moved to InfoPro as marketing research project manager for the whole banking industry in Lebanon.

Early 2006, Mrs. Hobeika joined Ipsos, as Head of Loyalty Department for Middle East and North Africa (MENA) in charge of customer satisfaction research and mystery shopping programs to support banks' management.

In August 2006, she moved to "Banque Libano-Française" as Head of Market Research and Commercial Communication covering Lebanon & Syria. In March 2010, Mrs. Hobeika joined Bank Audi sae as Head of Market Research department.

Mrs. Gehane A. Ahwash

Head of Quality Assurance

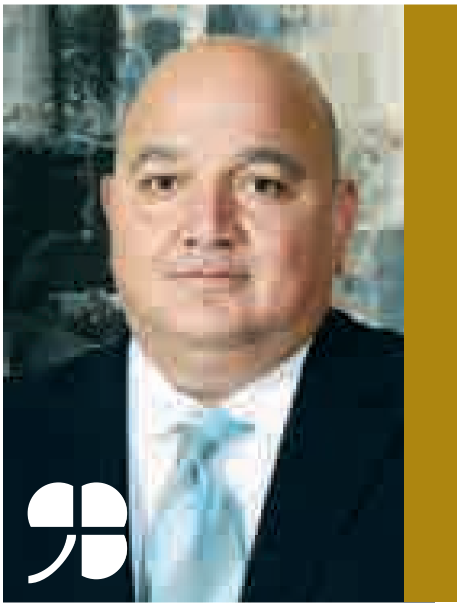
Mrs. Ahwash holds a BA in French Literature from Ein Shams University in Cairo, she also holds several banking certificates in mutual funds and general administration from the Institute of Canadian Bankers and Université de Montréal. She has been the winner of the Award of Excellence for several years during her employment with Toronto Dominion Bank.

Mrs. Ahwash started her banking career at Toronto Dominion Bank in Montréal, Canada in April 1988, she held positions across several departments of the Bank. She moved back to Egypt in 2003 and joined UBS Cairo Representative Office in 2004 where she spent 3 years before joining Bank Audi sae in 2007 to be appointed Head of Quality Assurance Department.

Mr. Afdal E. Naguib

Chief Risk Officer

Graduated from Cairo University with a Bachelor of Commerce in 1986. Started his banking career in 1988 in Misr International Bank and during the past 23 years he moved between that Bank's several departments and branches, participating in the establishment of the full Credit risk function in conjunction with Lloyds TSB consultancy project including the Credit Risk Assessment for Corporate & Financial Institutions, the Credit Administration, and Credit Information.



Mr. Naguib has attended many International Seminars, which have enriched his knowledge and technical skills.

Later, Mr. Naguib was one of the team members who participated in the presentation of the sale of MIBank in 2005, where he was in charge of preparing the data room and the due diligence process.

In 2006, he became Head of Credit Risk during & after the acquisition period of NSGB

In 2007, Mr. Naguib joined Bank Audi sae as Head of Credit Risk where he assisted in establishing the Credit Risk Department. In 2010 Mr. Naguib was promoted to Chief Risk Officer of Bank Audi sae.

Mr. Bassel E. Kelada

Head of Retail Control

Mr. Kelada graduated from the American University in Cairo with a BA in Economics and Business Administration. In 1996, he started his banking career as a Corporate Credit Analyst at Cairo Barclays Bank. He attended the Barclays Credit Course and ranked as a top three performers. In 1997, he moved to The United States Agency for International Development where he held numerous consulting positions. He progressed within the organization to become the program manager for the Cairo office and he became a certified ISO 9000 and ISO 14000 consultant. In 2000, he joined Citibank Egypt as their Country Collections head, as a founder member of Citibank's retail banking business in Egypt. After spending three years in collections, Mr. Kelada was promoted to Resident Vice President and moved to Citigroup's Group Retail Credit office in London on a developmental assignment. In 2003, he returned back to Egypt, where he assumed the retail credit policy head role, then promoted to Vice President, Retail Credit Director of the Citibank Egypt franchise. He was appointed as one of 100 of Citigroup's worldwide Retail Credit Senior Credit Officers around the world. In 2006, Mr. Kelada took on a new challenge that entailed the setup a full retail credit cycle in Barclays Bank, Egypt. In 2008, Mr. Kelada moved to manage the retail business and distribution, a function that spanned 65 branches and over 2,500 employees. In 2009, Mr. Kelada joined Bank Audi sae as a Retail Control Head. In this role, he along with his team formalized and relaunched the banks' asset products, implemented several processes to enhance controls, significantly improved the collections infrastructure and capabilities, and established a sophisticated retail analytics unit with strong capabilities.

Mr. Hesham F. Ragab

Legal Council

Mr. Ragab obtained both his Law Degree and Master degree from the University of Alexandria Law School. He then obtained his LL.M degree from Minnesota Law School in Minneapolis. In 2007 he was considered for nomination for the distinguished Alumni Award of Minnesota Law School, Minneapolis. Mr. Ragab was a member of the Egyptian Judiciary who served as a bench judge in different court levels and his last post was in Cairo Appellate Court for 23 years. He was a member of the legislative department in the Ministry of Justice for 5 years since 2001 and has participated in drafting important economic legislations until his appointment by the Prime Minister to serve as a member of the National Commission for Economic Legislations. He has served as an Anti-Money Laundering and Terrorist Financing consultant for the World Bank, United Nations Office for Drug Control and Crime Prevention (UNDOC) and the Central Bank of Egypt (CBE). Appointed by the Prime Minister in 2010 as member of the National Anti-Money Laundering Coordination Committee at CBE. Lately, he was seconded by the judiciary to work as Deputy for the Minister of Trade and Industry for Legal, Legislative and Internal Trade affairs; and was appointed as a board member of the Unfair Competition Authority, Internal Trade Development Authority and the Egyptian Regulatory Reform and Development Activity.

Mr. Amr M. El Gueziry

Head of Internal Audit

Mr. El Gueziry is a holder of BSc. in Accounting from "Ain Shams University". Mr. El Gueziry has around 30years of experience which commenced back in 1981 at Arab Bank Plc where he held various responsibilities within the Foreign Exchange Unit. Following this, Mr. Gueziry moved to the Audit department where he spent 26 fruitful years moving from Auditor to Head of Regional Audit.

Then In 2007, Mr. Gueziry moved to National Bank of Abu Dhabi holding the position of Regional Audit Manager. And in 2010.

He moved to Al Watny Bank of Egypt as Head of Internal Audi and finally Mr. Gueziry joined Bank Audi sae in June 2011.

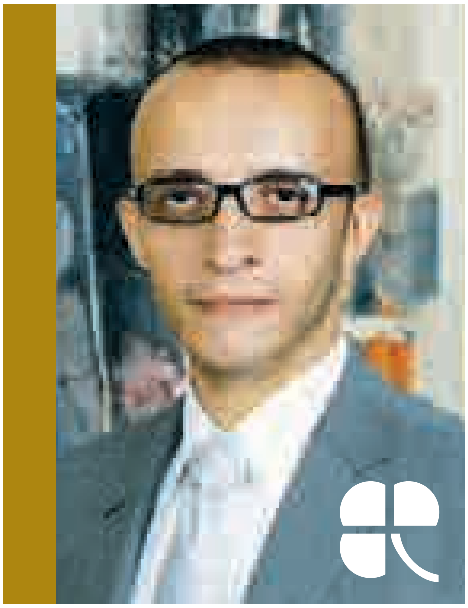
Mr. El Gezeary attended several certified international conferences and proficient trainings that enriched his area of expertise.

Mr. Ali M. Amer

Head of Compliance

Mr. Amer holds a Bachelor of Commerce, majoring in accounting, from the Faculty of Commerce and Business Administration. Since January 2000, Mr Amer worked with Arab Bank plc in various operations departments and branches involved with collections, cash and trade finance before being appointed as Regulatory Compliance officers. There he was responsible for identifying, evaluating, and managing Money Laundering and Terrorism Financing risks through the execution of various testing and monitoring as well as compliance and maintaining branch staff awareness with that bank's rules and regulations.

He joined Bank Audi sae in December 2007 as Compliance Officer and has the overall responsibility for the Bank's Regulatory Compliance and Anti-Money Laundering policies, procedures and practices. Mr. Amer is also a member of the Association of Certified Anti-Money Laundering Specialists (ACAMS) Miami, Florida, in addition to being a member of the Group of Certified Compliance Officers (GCCO) of the World Union of Arab Bankers.



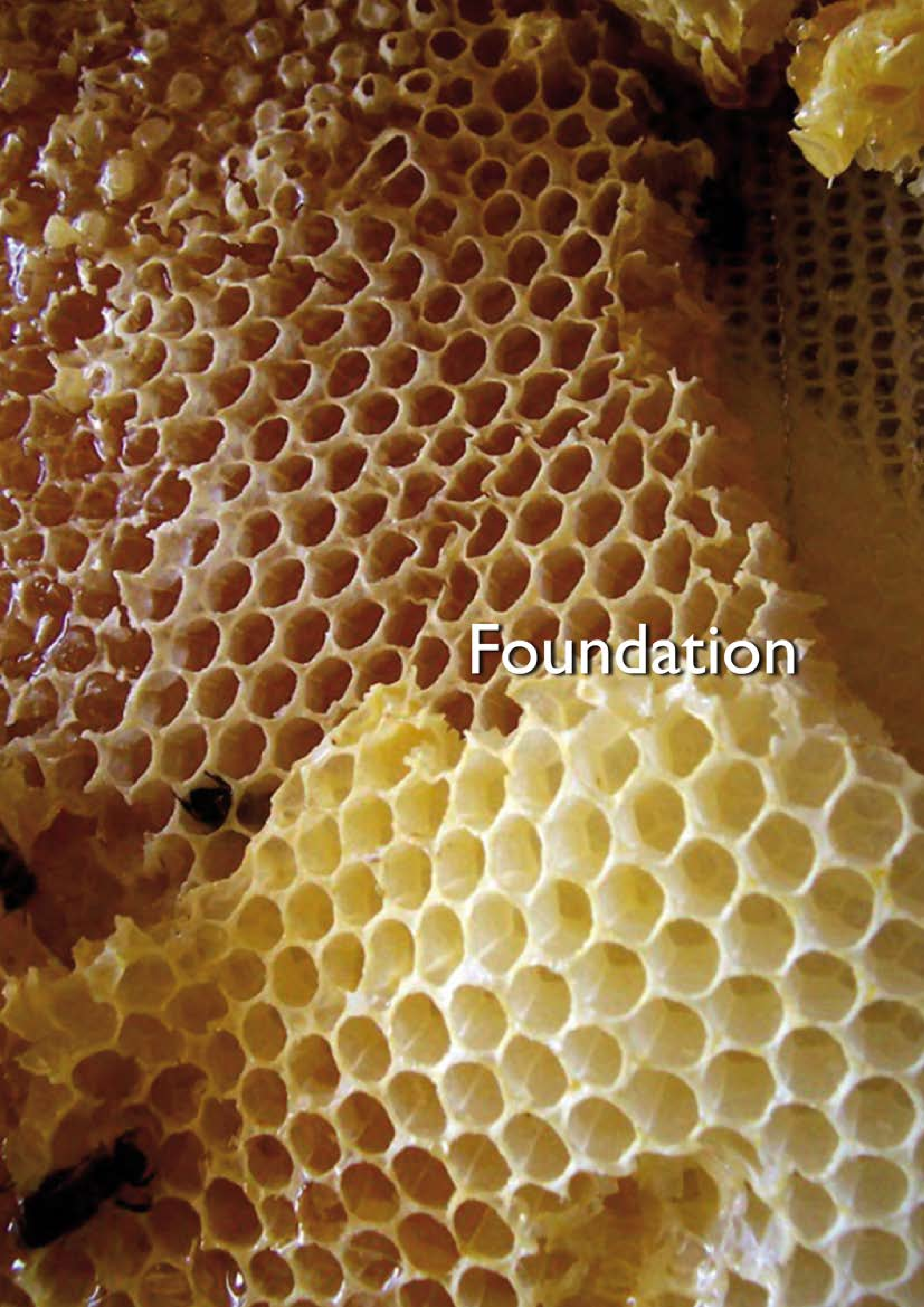
Mr. Ahmed M. Fouad

Head of Corporate Information Security and Business Continuity (CISBC)

Mr. Fouad holds a Bachelor of Business Administration from the Sadat Academy for Management Sciences, majoring in Banking. He commenced his career in 1997 at Misr Iran Development Bank (MIDB) as a System Analyst before moving to the Implementation and Development Department of United Bank of Egypt (UBE). Following a year at Raya Integration Co. as a Senior System Engineer, he joined Bank Audi sae as a Senior Application Supervisor and became Head of Applications Support and Data Processing.

Given his business administration, risk and technology background, in 2009 he was selected to be the Head of CISBC where he leads and conducts the Bank's information security activities, periodic risk assessments and business impact analysis and assists in the development and coordination of the Bank's business continuity and disaster recovery plans. He holds an ABCP (Associate Business Continuity Professional) Certificate issued by DRII and CISM (Certified Information Security Manager) as well as a professional diploma in programming with VB6.0.

FOUNDATION



Foundation

Number of Customers Growth

14

Times

from 2006 to 2010

IV. Business, Support & Control Functions Overview

1. Lines of Business

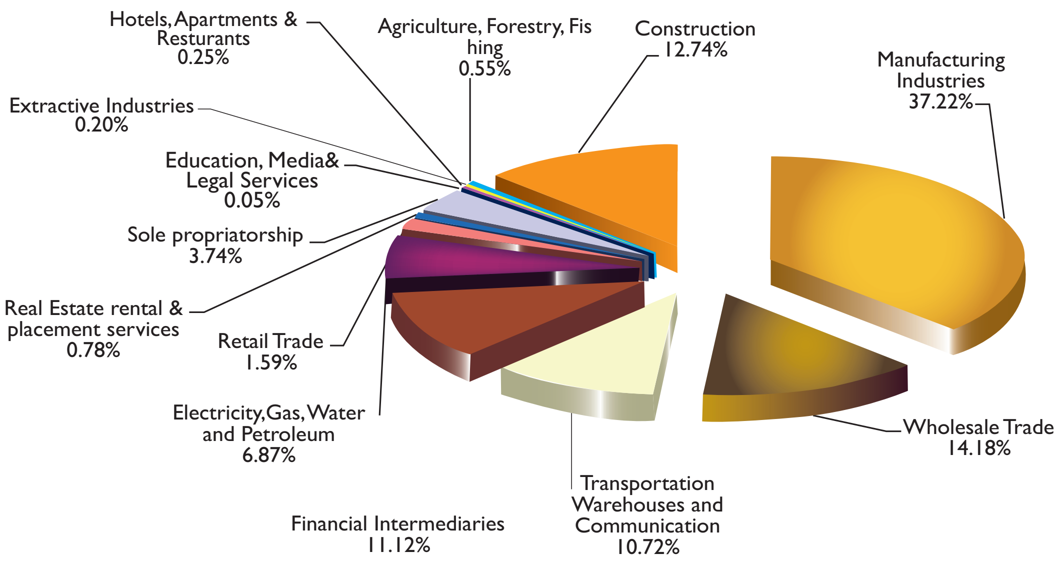
A. Corporate and Commercial Banking

Our Corporate Banking has been the primary asset generating backbone since Bank Audi sae started its activities in 2006. Corporate Banking extends various services and offers a diversified range of products and project finance. It covers all the main Egyptian business sectors geographically through a well designed organizational structure and experienced high caliber staff. Furthermore, one of the main tools to support making this skill base available to our customers has been ongoing training and development programmes to ensure stability, depth of experience, sharing and transfer of know-how to our second & third tier line management.

Our projects finance team has been able to participate actively and selectively in the most significant local market projects transactions and some of the international ones. They have gradually upgraded and enlarged the Bank's role in recent syndicated transactions, adding to the Corporate Banking another area of strength. The Bank aims to be one of the market players in the field of project finance and syndicated loans in Egypt in the coming years. This has been empowered by the Audi Bank sal – Audi Saradar Group Project Finance & Syndicated Loans team, building on their global product knowledge and successful track record in the MENA region & Europe and expanding our capacity in providing global services and executing large ticket transactions for our clients.

With an excess of EGP 6billion of quality credit extended to various industries, the Corporate Banking maintained its well diversified portfolio, while focusing on the main important sectors supporting the development of the Egyptian economy. This success story was achieved despite the tough market conditions and full awareness of the consequences of the worldwide crisis, and have been well recognized in the local market despite our short history.

Corporate Loan Portfolio by Sectors at 12/2010



The main mission of the Corporate Banking is to establish a solid client base and diversified portfolio within set policy & market norms by extending a unique ongoing service to efficiently support the Bank's business growth and positioning as one of the main market players within the coming years.

2010 Highlights and Achievements:

- Corporate Banking achieved an average growth rate of 63% during the years 2008-2010 in very competitive market conditions & during the international crisis, and this was parallel to an average growth of 57.5% in the corporate liabilities side for the same period.
- Maintained & controlled a Non-Performing Loan ratio of 1.5% beating the market norms. It is important to highlight that the Corporate Banking Non-Performing Loans were identified during the acquisition process in 2006 and full provisions were taken at the date of acquisition for these inherited loans.
- A recognized effort was made to capture a substantial share in auxiliary and contingent businesses from our corporate clients, with contingent outstandings exceeded EGP 2.7billion by the end of 2010.
- Successful achievements in managing the interest margins & implementing real risk/liquidity pricing policy in both foreign & local currencies.
- Participated in major projects finance/syndicated loans deals in the market in the year 2010, with total facilities of approx. EGP18.6 billion, where our share (average 10.2%) reached EGP1.9 billion, covering important sectors such as Oil & Gas, Building Materials, Manufacturing, Communications & Energy production.

B. Retail Banking & Branch Network

Bank Audi sae successfully developed Retail Banking and grew its portfolio substantially since the acquisition in 2006. This required well defined lines of activity and identified target segments and product development, transaction processing, setting customer service standards and adequate controls and compliance. Consequently, the role of Retail Banking is expected to grow considerably in terms of the percentage of the Bank's revenues in our future plans.

Highly selective calibres were hired and developed into effective teams to cover all the required functions to build and sustain a Retail Banking Line of Business that could compete effectively in the changing Egyptian marketplace. Particular emphasis was placed on credit quality through detailed loan programme policies and methodologies aligned with constant and robust monitoring, communications and collection disciplines.

The Retail Banking also continue to focus on developing and launching innovative new products and services that reflect our understanding of a customer's Retail Banking needs and help to deepen the Bank's relationship and affinity with its customers. The Bank aims to improve sales on existing products and launch new competitively priced products translating into customer and synergistic growth and further enhancement of our market positioning. As an example, we launched two distinctive card products: the MasterCard Titanium credit card which suits customers with elite lifestyle requirements, and Shine, the first exclusive mirror credit card for ladies.

These efforts translated in 2010 in the increase of the Retail Banking customers by 38%. Retail Lending portfolio grew from EGP 821 Million at end-December 2009 to EGP 1,132 Million at end-December 2010, driven essentially by personal and auto loans and credit cards, which grew by 29%, 38%, and 128% respectively over the same period.

In 2010 Retail Banking activities generated interest income of EGP 66.2 Million up from EGP 49.9 Million in 2009, reflecting an increase of 32%. As for non-interest income, it grew from EGP 12.0 Million in 2009 to EGP 18.9 Million in 2010, reflecting a growth of 57%. These results were based on having established a strong consumer banking organization to support existing products and services and new business initiatives. These Initiatives include further transitions into full Relationship Management with selective customer segments through our branches and specialist centralized units.

The Retail and Corporate Banking also worked together on Payroll Services and other transactional and payment products as part of the Bank's efforts to expand its customer base and diversify customer segmentation. Continuing initiatives around synergy development with Audi Group will provide the Bank with great potential to increase product penetration, enhance our share of the customer's banking business and generate incremental value through cross-selling.

Bank Audi sae has built a sound foundation for its Retail Banking activity in Egypt through its branch network and this is consistent with the Audi Group's branch development in Lebanon and other parts of the Middle East & North Africa region. Bank Audi sae Retail Banking activities form part of an impressive regional Retail Banking franchise that covers a wide spectrum of 130 products and services ranging from interest-bearing accounts to Consumer Lending Products, Bancassurance, Credit Cards and Internet Banking, offered to satisfy the needs of an increasingly diversified and demanding customer base, with the objective to meet all their financial requirements in a one-stop shop. This spectrum was complemented in 2010 with the addition of Retail Brokerage services following the acquisition of Arabya online Banking (AOLb) in Egypt.

Teams with good professional standing throughout our branch network focus on providing a high quality of service supported by a range of competitive products to satisfy both existing and potential customers. The Bank is aiming in the coming years to increase its branch servicing capabilities and reach into selective Residential and Commercial areas of Egypt which encompass our target customer segments.

Our recent formation of a unit focusing on services to High Net Worth segments will work closely with each customer individually, designing innovative tailor-made services to suit the special nature of their banking needs. This is consistent with the Audi Group's leading position in Private Banking represented by Banque Audi (Suisse) sa (the second largest Arab Bank in Switzerland) and Audi Saradar Private Bank sal (the only 100% Private Banking subsidiary in Lebanon), along with Bank Audi LLC (Qatar) and Audi Capital (KSA), accounting together for over USD 8.2 billion of assets under management at end-2010.

2010 Highlights and Achievements:

- Growth:

  Our retail lending portfolio grew by 38% in 2010, reaching EGP1,133 Million vs. a market growth rate of 8%. Individual deposits grew by 48% in 2010, reaching EGP 2,952 Million vs. a market growth rate of 6%.

- Credit Performance:

  We have kept a very tight lid on impairment, closing the year at 0.68% of Average Net Receivables.

  Credit Bureau (I-Score) reports showed that Bank Audi sae's retail portfolio positively out-performed the total market.

- Profitability:

  Portfolio spreads improved by 1.2% throughout 2010.

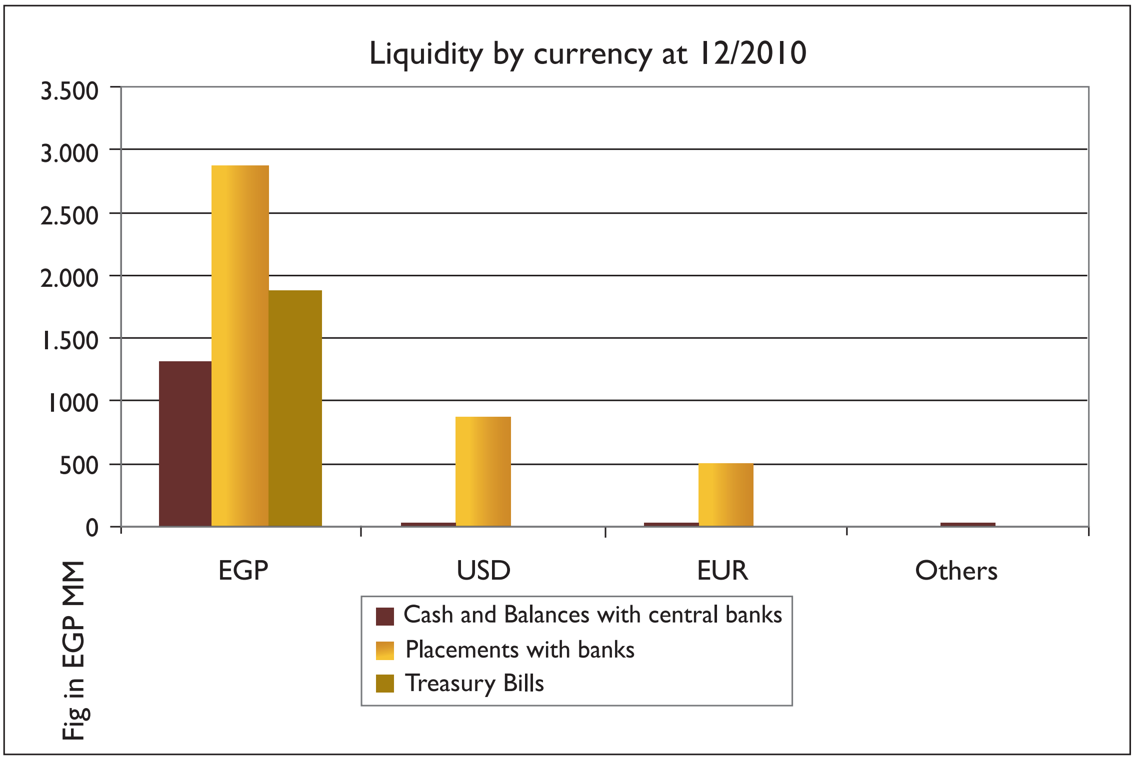
- Initiatives:

  2010 witnessed the introduction of many innovative retail products such as:

- A wide range of retail deposits with various tenors, currencies, and interest payment frequencies.
- Titanium and Shine Credit Cards
- Several auto loan programs (including an auto loan without ban of sale for the first time in Egypt).
- Doctors & Dentists professional loans.
- Several alliances with prominent retailers to provide consumer finance and "end-use" loans.
- Numerous tie ups with a wide range of merchants to provide discounts and exclusive offers to Bank Audi sae's Card holders.

C. Treasury & Capital Markets

The Treasury and Capital Markets provides Treasury services including transactions in money and capital markets for the Bank's customers, and implements the Bank's own liquidity and market risks strategies and requirements as determined by the Asset and Liability Committee (ALCO).



The Treasury & Capital Markets core functions include many aspects, on top of which are:-

- Efficiently managing the Bank's balance sheet risk in terms of interest rate and foreign exchange.
- Controlling and managing the Bank's liquidity to ensure availability of funds for regular and unplanned obligations.
- Proactively managing the Bank's surplus liquidity with an objective to maximize risk based returns.
- Presenting and recommending strategic initiatives to the ALCO with regards to investment and liquidity management.

The Treasury and Capital Markets are selectively building up a range of products to make available to various types of our customers, particularly those with activities that have affinity with the geographic presence of the Audi Group. The Group has developed a substantial Capital Markets and Investment Banking franchise and is a leader in Lebanon in both primary and secondary market activities and economic research. Over the past year, market-making activities on Lebanese and GCC fixed income instruments across the Group reported a turnover of above USD 10 billion. On the equity front, the Group is an active intermediary on the Beirut Stock Exchange, with a 29% market share.

The Audi Group's Foreign Exchange and Interest Rate operations cover investment and hedging styles spread across all major traditional and alternative asset classes including forwards, swaps and options.

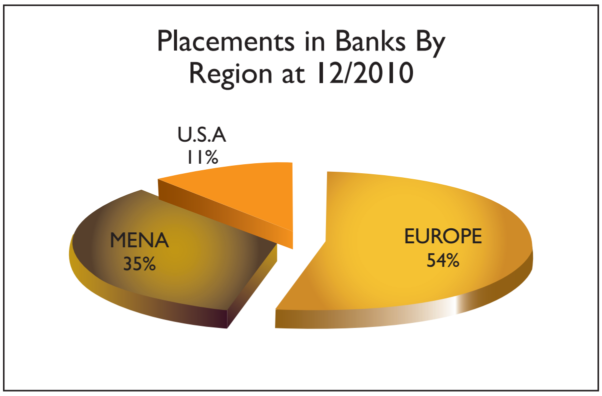
In 2010, despite volatility in international and the local market, the Bank's ALCO successfully preserved sound liquidity management through its pro-active strategy, an accomplishment confirmed by regulatory ratios. In addition, interest rate management remains prudent, underpinned by effective duration management.

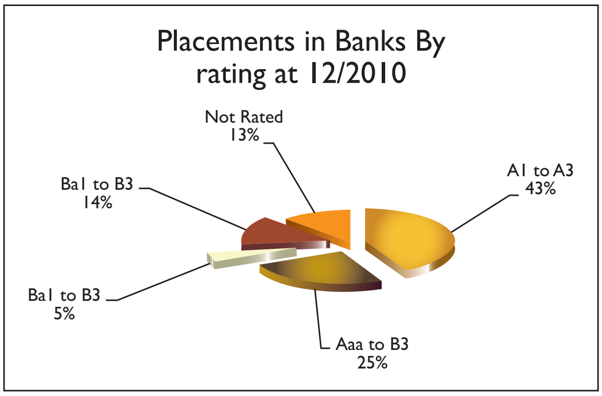
D. Financial Institutions & Correspondent Banking

The banking environment is constantly in evolution in all countries of the world including international and correspondent banking activities. The growth of international economic activity, including international trade and payments lead to financial flows between trading partners, hence the business of correspondent banking is showing dynamism and innovation in serving the world economy.

Correspondent Banking is important for Domestic & International Banking relationships and has almost the same type of client-bank and bank to bank relationship characteristics.

The Financial Institutions & Correspondent Banking department is one of the core areas at Bank Audi sae. It is engaged in financing international trade transactions, facilitating payments & transfers beyond borders for its retail, corporate and institutional clients. Additionally, the department is involved in dealing with interbank transactions including foreign exchange & capital market activities and their derivatives. Moreover, the department is responsible for establishing Nostro accounts, other operating & investment accounts, brokerage transactions and finally participating in international syndicated loans. The department works with the client to understand the unique requirements and the complex issues that impact their business. The Financial Institutions and Correspondent Banking department plan is to evolve into new areas of businesses to enlarge its revenue streams & contribution.





Bank Audi sae has a large network of Correspondent Banks in the Middle East, Europe, USA, Latin America, Asia and Canada.

The list of Major Correspondent Banks are as follows:

- Arab International Bank
- Banca Monte dei Paschi di Siena SpA
- Bank of Montreal
- Banque Cantonale Vaudoise
- Banque de Commerce et de Placements SA
- Citibank NA
- Commerzbank AG
- Credit Suisse Bank
- Danske Bank A/S
- Deutsche Bank AG
- HSBC
- ING Bank NV
- Intesa Sanpaolo SpA
- JP Morgan Chase Bank
- MashreqBank PSC
- Misr Bank – Europe GmbH
- National Bank of Egypt – UK
- National Bank of Kuwait
- Nordea Bank AB
- Standard Chartered Bank
- The National Commercial Bank
- UBS
- UniCredit SpA
- Union de Banque Arabes et Françaises-U.B.A.F.
- Wells Fargo Bank NA
- Yapi ve Kredit Bankasi AS
- Zürcher Kantonalbank

E. Small & Medium Enterprises (SMEs)

In the last decade, banks and Financial Institutions have showed a growing interest in SMEs. The demand for SME finance in Egypt is huge as SMEs are estimated to be significantly high of the total number of business entities. In that context Bank Audi sae commenced financing the SMEs market with the mission of effectively contributing to the development of this sector in Egypt as a way that boosts Egyptian economic growth and to enlarge our lines of businesses & our product range to our customers.

Our vision is to position ourselves in the next few years as one of the leading specialist banks in financing SMEs in an efficient and different way where we seek to build SME relationship banking rather than follow an SME lending culture.

The SME department will follow a similar value chain approach as that adopted by our Corporate Banking. The SME has finalized its business portfolio segregation targets and put in place its policies, workflow, and operational platform for a formal launch that started in February 2011.

F. Islamic Banking

To meet some of our current customer needs and to respond to the opportunities presented by this rapidly growing new customer segment, the Bank is in the process of re-developing its Islamic banking activity with a range of Sharia-compliant products. These developments will help us to play an increasing role in addressing the specific and professional needs of the Islamic banking market Bank Audi sae expects to be ready to commence its expanded role in Islamic Banking at the end of 2011.

2. Support Functions

A. Finance & Management Information

The Finance department is responsible for ensuring the application of professional financial management that adequately supports the Bank through its planning, growth and increased market share. There is a heavy emphasis on designing, maintaining, and monitoring the financial models that reflect the targets and financial outcomes from the Bank's balanced and integrated Business, Support, and Control Plans. Information is also gathered, analyzed, and distributed to allow proper decision-making and financial monitoring including early warnings of any significant variances or changes in underlying assumptions by Lines of Business, product, and customer type.

The Finance department develops and prepares financial reports and analytics to all levels of the Bank's management and Board on a timely and regular basis and to various regulators such as the Central Bank of Egypt (CBE) and Central Bank of Lebanon (BDL). These contain the financial position and results as well as analysis, forecasts and indicators of the Bank's performance and ongoing financial soundness.

It is worth mentioning that the CBE has updated the Financial Reporting Regulations for compatibility with International Financial Reporting Standards (IFRS) and accordingly the Finance developed its techniques for preparing reports to comply with these new requirements.

The Finance department also focuses on effective Cost Control and ensures that contracts and invoices are negotiated and payment processed in a timely manner. The tax specialists continue to provide the necessary information and calculations to internal and external stakeholders in accordance with the applicable laws and regulations in Egypt. Finance department also fulfils the role of providing and validating management information to most divisions of the Bank including technical and financial analysis and through automating those reports to facilitate management and decision making.

The Bank's Finance department provides a strong human foundation to handle the ever-changing local and international market and regulatory challenges in the Bank's financial management.

B. Central Operations

The Chief Operating Officer (COO) has responsibility for the Central Operations Division that is handling operational transactions in connection with Branches, Treasury, Capital Markets, and Trade Finance day-to-day activities. Centralization of front-line operational processes has been adopted to ensure the "One Bank" image among customers of different branches and maintain the Bank's cost efficiency through maximization of capacity. Operational control and efficient customer service are supported by internal Service Level Agreements that are defined and based on market research & competition analysis. This also assists the Bank in assessing effectiveness and quality of service. Central Operations have been proactive in key initiatives and worked with the Lines of Business to enhance the work-flows, processes and control procedures. This has included improving the management of payments clearing, trade finance related services and general customer transaction servicing.

The Operations department aims to encompass Bank-wide operational support and related transactional control functions for all Lines of Business and channels, and this is overseen by a talented and highly knowledgeable team. The team regularly works on enhancing efficiency of execution and reducing turn-around time to provide the service standards that exceed the expectations of the Bank's customers.

Central operations also includes General Administration and Engineering departments, which have similarly undertaken initiatives to optimize cost and managed end-to-end projects to enhance performance. In particular, they have made impressive steps in bringing new branches on stream and meeting high quality and professional standards for all the Bank's physical facilities.

Strenuous efforts are made to optimize space utilization while maintaining the Bank's standards and required brand and image. In 2010 a number of projects have been completed for the Head Office and the branch network.

Around 1950 square meters of the Head Office premises and branches have been extended, renovated, upgraded, or re-arranged. In addition to opening branches in Salah Salem, Garden City, Hurghada Sheraton, Cash Center, and Pyramids Heights, extensive renovation of branches was completed at Dokki branch. A comprehensive plan has been developed for Head Office and Branch network enhancement in the coming years with the following projects:

- Extension Head Office building at Pyramids Heights (5,800 square meters)
- Physical Archiving warehouse (2,500 square meters)
- Affluent areas in selected branches
- Renovation of Mossadak first Islamic branch
- New expected branches: Maadi, Lasselky, Haram, Abbas el Akkad and Zamalek

C. Information Technology (IT)

One of the critical success factors in the Banking Sector in Egypt and worldwide remains the ability of Information Technology to support a Bank's Business strategy. Information Technology Department within Bank Audi sae provides all levels of service and support to the business expansion throughout its lifecycle from strategy to execution and finally to operation and continual service improvement.

One of the ways of gaining or sustaining an edge in the market, is by investing and utilizing new levels of IT agility and flexibility. In that perspective, Bank Audi sae is an active contributor to the Group effort to define a comprehensive IT Strategy supporting its ambitious development plans. This new strategy provides a solid foundation for a true partnership between IT and business, while implementing a new architecture allowing an optimum IT Delivery.

The implementation of the IT strategy started in 2010 and will continue over the medium term. This Major IT Transformation Project includes a new Core Banking System with best of breed specialized satellites to serve the Bank's different business areas. The Transformation Project consists of the following cornerstones:

- Setting up a centrally-governed IT function with central architecture management, project management, demand and supply management, and vendor management, with delivery functions located in various geographical locations.
- Implementing a unique IT solution blueprint in all entities for Retail, Commercial/Corporate, Islamic Banking, and Private Banking.
- Consolidating data centers in regional hubs.
- Introducing a new IT platform in the Mother Company and main entities, to be extended to other subsidiaries.
- Using existing commercial packages to build an Application Landscape with adaptations/customizations limited to bare minimum applying the Moto "Adapt the Bank, not the package".
- Building a strategic alliance with vendors to execute the IT strategy.

The New IT strategy will call for several large internal initiatives, like the establishment of a strong governance function and building a strong integrated team defining and delivering the new architecture. The new target architecture will have to allow for future growth in size, functionality, and geographic footprint. It will be built around a selected Core Banking Solution, with peripheral applications providing for specialized functionalities, such as and not restricted to Capital Markets, Accounting, Risk, MIS, Credit Cards, etc…

Bank Audi sae's IT in cooperation with the Group' IT continues to focus on improving service availability across the Bank in Egypt. During 2010, multiple projects have been successfully completed serving the different areas of the business functions and support areas. Projects included:

- A new application to support Bank Audi sal – Audi Saradar Group's newly acquired Brokerage Company "Arabeya Online".
- ATMs network expansion including new branches and offsite ATMs.
- Connectivity to external ATM networks like Egyptian Banks Company ATM Network "123".
- In the compliance area, a new Anti-money laundering application was introduced supporting all monitoring and control requirements for customers and payments.
- Implementing a new, market leading Service Desk Platform to Automate Bank Audi sae Staff Interaction with 4 vital support functional departments: IT, HR, Engineering and Administration, aiming at facilitating the work flow within Bank Audi sae and hence increasing productivity and business facilitation.
- Finally, a new disaster recovery site was successfully installed and tested to minimize and protect Bank Audi sae against any business interruption in case of disasters.

For the Bank, 2011 is likely to be a key decision and transition year for IT as we move to the next levels of maturity in the IT services that are provided and required to help the business move towards our strategic objectives.

D. Human Resources

For Bank Audi sae, our People are a significant 'intangible' asset and both the driver and engine for achieving the Bank's objectives. We consider it very important that our Human Resources understand and are motivated by the Bank's Vision, Mission, and Values and aspire to our slogan, "Grow Beyond Your Potential". In this way, our Human Resources (HR) department has a major role to play as communicators, facilitators, innovators and mentors to staff at all levels. These key messages have been repeatedly relayed during our short history as Bank Audi sae by Executive Management, most recently at a hall Bank gathering early in 2011, as well as at regular management and branch workshops. We continually strive to portray through our personal behaviour and business culture to all our stakeholders, the pride that we take in being professional and providing quality financial services.

During 2010 the Bank's HR department continued to strive to provide efficient, effective and comprehensive support services to all stakeholders and employees. The department performed these tasks through:-

- Encouraging employee growth and development
- Increasing communication between managers and employees
- Promoting a feedback system and developing objectivity
- Providing an opportunity to review the employee's knowledge, skills, behaviour and career plan

Being an employer of choice, motivating the Bank's human capital and recognising high performers are key focus points in our and the Audi Group's approach to Human Resource management. The Bank has a well-established framework for employees to provide feedback and develop action plans to improve the working experience and engagement.

Accordingly, HR development activities continued to be centered around selection, motivation and empowerment of employees, while ensuring the highest standards of quality in practices.

At the level of recruitment and selection, recruitment increased by 202 employees among which 32 fresh graduates, and 170 specialized professionals in different aspects of banking management and involved 76 outsourced "Competency Based Interviews & Aptitude Tests". Staff mobility and self-development was encouraged by facilitating 93 internal transfers within the Bank's departments and branches. In parallel, 2010 was also marked by significant Training and Development interventions aimed at enhancing staff competencies and capabilities. An effective training plan, based on the Training Needs Assessment, was rolled out covering 150 Training Programs, attended by 1,800 participants and involving 25,000 training hours. In addition, the Bank conducted specialized learning programs on Credit, Branch Management, Sales & IFRS. Also, to develop Young Talent, we launched a postgraduate subsidized education programme.

At the level of recognizing performance and linking it to employee empowerment, the HR department effectively handled the performance management process through conducting 10 awareness sessions to new hires (managers and staff), 696 PDF reviews and introducing a new training needs assessment project. Similarly, for engagement, the department activated staff satisfaction & engagement research through regular Branch visits and analyzing complaints, suggestions, and established HR-Talk-To-Us@banqueaudi.com, in addition to running several Staff Social Activities.

Additionally, a project has been initiated by the Bank on integrated performance management which includes job evaluation to rank positions on the basis of a number of value determinants and in order to ensure internal job equity. In the area of Compensation and Benefits, market salary surveys were conducted to gauge the remuneration in the market and align our compensation structure to ensure that the Bank remains competitive in hiring and retaining staff.

Finally in terms of HR governance and operational management, the department finalized several new HR policies and procedures; reviewed, verified and authenticated organization charts as well as job descriptions by receiving line manager's input; and launched an Intranet site of HITS for Personnel, Payroll & Employee Service.

The Bank aims to continually enhance its internal HR standards to enable us to continue attract, develop and retain a talented, motivated and diverse workforce who can operate in a stimulating professional working environment while striving to achieve 'beyond' the Bank's strategic expectations.

E. Strategic Support

The Strategic Support function plays an important role in designing, coordinating and monitoring the whole Strategic and Business Planning Processes of the Bank and provides essential strategic decision support. The Bank has actively adapted selective international bank and business management techniques and practices such as utilizing and cascading the balanced scorecard approach. The function also provides timely information, monitoring reports and advice on key macro and major external developments including changes in economic and other business indicators that might impact the strategic and business drivers and assumptions in the Bank's plans and forecasts.

In addition, Strategic Support provides input and advice on the Bank's internal (non-financial) performance indicators to ensure a balanced allocation of efforts and resources. Regular reports are prepared for management on the results of strategic implementation of the Bank Business Plan Objectives and Initiatives highlighting red flags issues to executive management.

By following value-based management methodologies provided by Strategic Support, the Bank's managers are provided with consistent, integrated tools and techniques to support the development and implementation of their business and operational strategies. This uniform approach across all aspects of the selected Banking model enables the Bank to link targets, action and change plans; operational management; financial and non-financial performance monitoring and measurement; through to performance based remuneration and reward processes.

F. Project Management Office (PMO)

The PMO is an organizational entity established to assist project managers, teams, and various managerial levels of functional entities throughout the organization in successful implementation of strategic and operational change initiatives. These initiatives arise from the Bank's strategic and business planning processes and are devised in a well structured and consistent basis by each area of the Bank, whether it is a line of business, support or control function. The key purpose is to ensure integrated and optimize value added change relating to business priorities within the resource capabilities of the Bank.

By providing Project Management (PM) principles, practices, methodologies, tools and techniques, the PMO defines and maintains 'quality' standards for project management within the organization. The Bank's management uses the PMO to achieve benefits from standardizing and following these project management policies, processes, and methods. Thus, Project management is the value driver that helps the Bank to get the most out of its performance. It improves the processes and ensures that it is not just executing projects randomly as it ties projects to business strategy and needs, making sure projects are delivering results that support the Bank's goals in a properly balanced and integrated manner. Over time, the PMO is expected to become the source for guidance, documentation, and metrics related to the practices involved in managing and implementing change projects within Bank Audi sae. The PMO was activated in September 2010, and worked initially with 27 core projects across the Bank by setting standards and methodologies throughout the project lifecycle, including the detailed pre-planning and execution phases.

G. Communications

The Communications department is responsible for developing, coordinating, directing, and administering strategies, plans and policies relating to all aspects of Bank Audi sae external and internal communications. For its role in external communications, the focus is on deepening and enlarging a positive and appropriate brand image and perception of the Bank in the market and with all external stakeholders. This encompasses all the Bank's delivery channels and its product/service range.

Accordingly, the department works on Bank and product campaigns and brand awareness using different media channels for advertising, marketing and sales promotions, public relations, and direct marketing activities and campaigns. In 2010, examples of the department's work were seen In the launch of 6 new products, Titanium Credit Card, Shine Credit Card, Auto Loan "without ban if sale concept" Doctor Loan, Euro Time Deposit, US Time Deposil with comprehensive campaigns covering press, radio, outdoor & direct marketing activities.

Equally important is the Communications department's role on internal communications, particularly given the rapid growth and plans of the Bank. The aim of the department is to encourage and facilitate a culture of open, professional and effective two-way communication between all staff, managers and across all functions. Also, to reinforce staff pride in the institution and to voice ideas, issues and encourage collaboration and teamwork. During 2010, the Department finalized the first Value Champion project related to Employee Satisfaction and started the "Banking Tip of the Week" project that gives fruitful banking information in an entertaining way to all colleagues while increasing their banking knowledge across all functions. In addition to that, the department handles activities related to civic role, media planning & monitoring, events, sponsorship & direct marketing activities.

H. Market Research

Since inception Bank Audi sae was aware of the importance of being an outward looking Bank in terms of reaching, assessing and fulfilling the real product and service requirements of its various types of customer. Similarly, for planning purposes, the Bank needs to assess its performance in relation to its market & competition peers.

In 2010, the Bank established the market research department as a focal point to monitor the market place, and to support the Lines of Business with specialized, reliable and up to date information. The Marketing Research department does this through designing and monitoring its own and independently contracted surveys and developing effective research methodologies and techniques to provide the required level of market intelligence.

Many of the Bank's new business and change initiatives are requiring this quality of input from the Market Research department, who also analyze and present their findings and recommendations to assist management's balanced decision making processes.

I. Quality Assurance

Quality Assurance department (QAD) is concerned with all issues that will in any way have an impact on the external and internal image of the Bank and our branches, from both the market and customer perception. Accordingly, the QAD focuses on capturing customers' service needs and expectations. The Bank continues to uphold service quality as one of the key ways of maximizing customer satisfaction, which in turn creates value by generating greater market penetration and loyalty while being a driver for the Bank to achieve higher revenues per customer from its activities.

The QAD is focused on devising, instigating and monitoring the level of performance of Quality Service Standards. These Standards are aligned to the Bank's strategic and business plan objectives and are reflected in a Quality of Service Standards Manual. The Bank considers a wide range of criteria that comprise service quality and our regular market research has assisted in benchmarking these standards and criteria not only to competitors but also to changing customer expectations.

Significant work has been carried out by the department in making staff aware of the Bank's desired Quality objectives, Service culture, and specific performance targets, particularly in branches and other customer facing activities. In 2010, Quality of Service Standards Awareness sessions were held with all branches, covering existing and new staff. In addition, the department set up an in house Quality Assurance Assessment Management Information System. In 2011 we will continue to focus on ways of improving the whole customer experience and customer affinity with our professional approach to providing Service Quality.

3. Control Functions

A. Risk Management

The mission of Bank Audi sae's Risk Management Function is to contribute to the enhancement of the Bank's financial strength and sustainability by ensuring that returns generated from allocation of resources to business and operational activities are commensurate with the risks undertaken. Accordingly the Risk Department forms a cornerstone of the organization and has been set up to provide an independent voice and skilled input at Board and all levels of management decision-making in the Bank. The Risk Management function has played a pivotal role in supporting the Bank's growth through variable economic and market environment changes and shocks by continuing to ensure the adoption of a prudent development strategy based on the Bank's risk appetite, tolerance and capability and effective risk mitigation.

The Bank consistently strives to achieve an appropriate risk-reward balance, and continues to build and enhance Risk Management capabilities that will assist in reaching our strategic and business objectives. The department acts as an important catalyst in value creation through identification, assessment, and prioritisation of risks followed by coordination and application of properly skilled resources to manage the probability and impact of such risks in order to optimize the realization of opportunities. In the Bank's ongoing efforts to address uncertainties, Risk Management decisions are taken in a flexible but well structured manner based on the best available information and knowledge while maintaining our ability to respond dynamically to changes in the environment.

The Risk department develops ongoing initiatives and projects to provide continual improvement and enhancement to the Bank's Risk Management processes. To provide coverage of the different areas & activities of the Bank, the Risk department which started its activities since the Bank's inception in 2006, has been divided into three major interrelated and collaborative functions that work closely with the Lines of Business and other Support and Control areas of the Bank.

- Credit Risk

  The main role of the Credit Risk Function is to minimize the risk of potential losses stemming primarily from the corporate credit activity. This is done through several roles played by the different functions in the division starting by preparation of investigation reports for credit facility applicants and then independently from the proposing line of business reviewing the credit proposals and presenting recommendations to the authorized credit committees. The next part of the well developed process is the follow-up of fulfillment of documentation and guarantees for the approved facilities, and monitoring utilization within the approved purpose, limits and maturities in addition to handling non performing loans to recover the Bank's problem debts. The measures taken by the function to achieve the Bank's risk mitigation objective include managing credit ceilings, setting industry limits, strict credit administration and early warning escalation procedures. In addition, the Risk Department conducts regular stress tests to assess portfolio resilience.

  The Bank's Credit Risk teams consist of experienced, credit-certified managers and staff with sound track records in the field of credit risk management. Credit risk assessments are based on well established and sound fundamentals, and strict standards are followed to ensure the quality of the Bank's credit portfolio as well as adherence to internal policies and regulatory directives.

- Market Risk

  The Market Risk function established and applies a Market Risk Management framework by which the division independently identifies, analyzes and monitors all market risk factors within the Bank. Also the function coordinates closely with all Lines of Business and other control functions to avoid any surprises for the Bank.

The Market Risk function is also responsible for implementing Basel II & III requirements to improve the Bank's ability to absorb shocks arising from financial and economic stress.

The Market Risk function focuses on the measurement, management and reporting of Market Risk exposures using various self-developed and proven techniques and methodologies for quantifying, modeling and stress testing the potential losses that may arise from adverse changes in market rates and prices including foreign exchange and interest rates in both the trading and banking books. Regular Market Risk reports are generated and reported to management, ALCO and the Board to ensure that Market Risk limits are not breached and that appropriate action is initiated.

- Operational Risk

  The Operational Risk Function established the framework for Operational Risk management. The main focus has been to identify the operational risks that the Bank might be exposed to and to mitigate these risks to acceptable levels by recommending the adequate controls for such threats. In addition the function reviews and coordinates approval of procedures for new products and services prior to their launch.

  The Bank continues to develop and implement Operational Risk processes that provide consistency in risk identification, measurement, mitigation and reporting through standardized policies, procedures and practical tools as well as staff training in operational risk awareness, communication and treatment.

B. Retail Control

The Retail Control department has been set up at Bank Audi sae with the purpose of enhancing the control environment from a policy, underwriting, collections and decision making perspective while driving business growth from segments compatible with the Bank's risk appetite. The department sits at the heart of the retail banking business with inputs required in every stage of the cycle. Its role starts with the setting of the Bank's strategy and determination of risk appetite. In collaboration with the business, it develops policies that cater for customer needs which guide sales to the intended target market.

One of its key and most important responsibilities is monitoring portfolio health and producing the necessary analytics for decision making on a credit and business/sales level. It sets and reviews early warning performance triggers to cap risk from segments/products that breach the Bank's risk appetite and others to identify opportunities and capitalize on them. To achieve the above, a multitude of linked retail credit functions have been set up to provide the necessary support at the different stages in the retail credit cycle.

- Credit Policy Unit

  The unit regulates all retail activities to ensure compliance to preset policies, rules, and processes. It is responsible for developing the policies that would allow the business to acquire assets in line with the Bank's strategy and risk appetite. The integrity of the analytics is key to credit policy decisions; it therefore exercises various controls and processes to guarantee that credit decisions comply to credit policies and that data entry is accurate.

- Business Analytics Unit (Credit MIS Unit)

  The unit is responsible for the production of all MIS that is used to manage the credit health of the portfolio. In addition to reporting credit indicators for in depth analysis, it provides all retail credit functions and the business with daily, monthly, and ad hoc analytics that aids in managing productivity and acquisitions.

- Consumer Lending Department

  The function hosts customers' application for credit facilities and applies the preset credit policies for each product when issuing decisions. The unit's primary objective is to issue consistent credit decisions that adhere to credit policies to ensure the risk taken is in line with the Bank's risk appetite. It operates in a strong controls environment where errors in credit decisions, data entry, and process implementation are identified, tracked, and monitored for each analyst. The accuracy of the unit's output is of paramount importance for it forms the basis for the MIS generated by the analytics unit and all portfolio analysis for credit and business purposes.

- Fraud Risk Management Unit

  The unit is responsible for detecting any fraudulent activities associated with the credit application process and credit cards utilization. The unit conducts extensive field investigations.

- Collections

  The unit is responsible for following up with customers who were unable to pay due amounts on the contractually agreed due dates. The objective is to minimize the flow of accounts into higher delinquency categories and thus minimize impairment by ensuring adequate coverage and contact frequency of the delinquent portfolio. Due to the potentially contentious nature of the activity, all collections staff are trained on Bank Audi sae code of conduct and commit to adhering to it to preserve and protect the Bank Audi sae brand.

C. Legal

The Legal department plays a very important role is producing high quality documentation and contracts for all the Bank's business activities, advising on legal risks and handling legal cases. The department deals directly with both technical and complex contractual agreements and other legal matters and provides legal risk advice to Executive and Senior Management. The main business related functions of the department are:

- Preparing, vetting and opining on the adequacy of all forms of the Bank's credit facilities and other customer agreements
- Documentation to effect and protect the Bank's pledged collateral including assignment of rights and Mortgage contracts
- Other forms of contracts such as for services, maintenance and leasing
- Account opening and other related legal documentation related to the Bank's services.

In addition, the Legal department oversees or directly handles any litigation by or against the Bank and matters involving the Courts, Tax seizures or CBE letters (for example that impose or rescind account blocking, statement requests and lifting of bank secrecy orders). The department publishes and distributes Legal circulars across the Bank's departments and branches and handles internal investigations and responds to complaints which involve legal matters.

D. Internal Audit

The Internal Audit department (IAD) provides an independent, objective assurance and advisory activity designed to add value and improve operations through optimized use of its skilled resources. IAD assists the Board and management in accomplishing the Bank's internal control assurance objectives by bringing a systematic disciplined risk based approach to evaluating and improving the effectiveness and efficiency of the Bank's control and governance processes.

The IAD have developed comprehensive and risk based prioritized audit plans and audit methodologies appropriate to the auditee universe. Specially designed audit processes and reports ensure the early escalation of identified control and other issues to line and senior management and ultimately to the Board's Audit Committee.

The IAD also collaborate closely with the Group's internal audit function as well as the Bank's External Auditors and the Central Bank of Egypt's auditors and Controllers who all conduct regular audit missions. The IAD reviews reports submitted to them by these other independent bodies and provides them with all necessary documents to enable them to observe the Bank's selected audit universe from an audit professional practitioners' perspective.

Accordingly, the IAD closely follow up with management to ensure necessary consideration and corrective action has been taken with regards to IAD and external audit comments and recommendations.

E. Compliance

The Compliance department identifies and helps to mitigate any exposure to Compliance risk while ensuring independent oversight and support to the Board and senior management in the management of compliance risks across the whole Bank. With the increasing scrutiny of regulators and other external stakeholders, the scope and detail of work required from a properly functioning Compliance department continues to rise.

During 2010, the Bank's Compliance department worked on enhancing the Anti Money Laundering and Combating Financing Terrorism (CFT) practices to safeguard the Bank and its customers from being involved in suspicious transactions. In this respect and among other things, the Board of Directors ratified a new version of the Bank's AML Guide. With the assistance of IT, the department implemented a specialized anti-money laundering solution. The Bank also established a Compliance and Anti Money Laundering Committee to operate at the operational level fulfilling increasingly detailed requirements of the CBE and the Bank's executive management.

An important part of effective Compliance is staff awareness and the department has led continuous specialized in-house training courses and selective participation in outsourced training. In addition, the department closely follows-up on the Bank's ongoing clients' profile update process. Additionally, the Compliance department is also involved in reviewing new products and services to provide compliance assurance.

The Bank is committed to create a culture that adopts ethical business practices, transparency and seeks to deal professionally and appropriately with all compliance risk challenges in the context of local and international standards and expectations.

F. Corporate Information Security and Business Continuity (CISBC)

The Bank has fully recognized the importance of managing its Information Assets and ensuring Business Continuity during unexpected events. CISBC was established in 2009 to create the necessary core frameworks and processes to support these growing needs, typical among all banks, for adequately developed and maintained Information Security and robust business continuity planning, given increasing risks and threats in the external environment. The foresight of this initiative was seen in the Bank's ability to weather the recent events in the Egyptian environment without damaging its banking capabilities and continuity.

CISBC department is also assigned the accountability for establishing the necessary information security strategy, and developing and implementing a security programme geared to protect Bank Audi sae's information assets against threats that can adversely impact the Confidentiality, Integrity and Availability of information. The department has conducted a risk assessment and business impact analysis for Information at Risk and has built an access control matrix for Information Asset protection.

In 2010 they also initiated business continuity planning across the identified critical business areas of the Bank and produced and enhanced business continuity policies, procedures and guidelines as part of their role in overseeing the creation and implementation of comprehensive and effective bank-wide business recovery plans. To test and make any such plans effective in practice requires staff awareness and collaboration. In this respect, CISBC has already conducted training and awareness sessions in different departments to embed business continuity concepts within staff members.

G. Other Governance related functions

During the latter part of 2011, the Board has concurred that the Bank should create the following new organization functions:

a) Governance Support and Outsourcing Assurance with the objective of ensuring the continuity of implementing and maintaining a sound, effective and appropriate system of corporate governance over the Bank's key internal and outsourced activities by aligning the Bank's Strategy with the required business management practices to achieve it.

b) Security Assurance with the objective of ensuring the adequate protection of the Bank's physical and people assets by coordinating the awareness, assessment, control, management and strategy of Security across the Bank

c) Data Quality Assurance with the objective of overseeing cost effective and beneficial Data Governance throughout the Bank

d) Corporate Social Responsibility has the objective of implementing and maintaining the core principles of Corporate Social Responsibility that underpin the Bank's values, strategy, business objectives and policies towards its sustainable development through competitiveness, productive use of resources and good governance.

FRAMEWORK


Framework

Shareholders' Equity Growth

2.4

Times
from 2006 to 2010

V. CORPORATE GOVERNANCE AND RISK MANAGEMENT

V. Corporate Governance and Risk Management

1. Governance Overview

Effective corporate governance practices are essential for achieving and maintaining public trust and confidence in the proper functioning of the banking sector and economy as a whole. The possibility of broader macroeconomic implications, such as contagion risk and impact on payment systems, has led to increased guidance and alignment of corporate governance and risk management by bank regulators, particularly following the international financial crisis that began in mid-2007. Good governance and risk management in banks extend not only to proper management of assets, liabilities and liquidity but also balancing the interests of different stakeholders.

Consequently from its outset, Bank Audi sae resolved that corporate governance should be an essential management practice. The Bank places a very strong emphasis on effective corporate governance and risk management, striving to both align business practices with the best interests of shareholders, and maximize transparency and risk assessed decision making through timely information usage, disclosure and financial reporting.

The Bank has adopted a sound and practical system of corporate governance, based around a professional leadership team composed of the Board, its executive members and senior managers. For balanced decision making and monitoring, committees at Board, executive and operational levels match the Bank's activities and organizational structure. In addition, governance is supplemented by the experience, integrity and roles of the Bank's independent and non-executive Board members and its Risk Management, Compliance, Legal and Audit teams.

Bank Audi sae is governed by a Board of Directors currently consisting of 10 members elected by the General Assembly of shareholders. The responsibility of the Board is to ensure strategic direction, management supervision and adequate control of the Bank, with the ultimate goal of increasing the long-term value of the Bank. The Board's functions are regularly reviewed and revised to cover the wide range of responsibilities including risk supervision, compliance, audit, remuneration, evaluation, succession planning, ethics and conduct, budgeting, and capital management.

In addition, clear lines of responsibility and accountability have been established throughout the Bank's organization with a well balanced and integrated chain of decision making and supervision at the Executive Management level. Strategic objectives are set with reference to the Bank's values and promoting high standards of conduct has been established from the outset of Bank Audi sae in 2006. These standards permeate into the expected business culture and professional behaviour throughout the Bank. They are recognized as an important element in staff performance appraisals and related incentive schemes to ensure professional conduct.

Our general corporate governance framework ensures that timely and accurate disclosure occurs with respect to material matters regarding the Bank, its operations, risks and financial performance.

2. Board of Directors

The objectives of the management structures within the Bank, headed by the Board of Directors and led by the Executive Chairman, are to deliver sustainable value to shareholders. Implementation of the strategy set and overseen by the Board is delegated to the Bank's Executive and Management Committees. All Board members, including those appointed by the Board to fill a casual vacancy, are subject to re-election every 3 years at the Bank's Annual General Assembly Meeting. Non-executive and Independent Directors have no service contracts.

The Board of Directors is comprised of a majority of members who are not involved in the day to day and management of the Bank, but all of whom play roles in its governance. The breadth of expertise of the Non-Executive and Independent Directors has created a particularly strong Board, whose influence is invaluable to the continuing development and sustainability of Bank Audi sae.

The Board determines Strategic Objectives and plays an active role in overseeing Management's proposed and agreed strategy, Business Plans and Budgets. Matched to the Strategic Objectives, the Board also determines all required high level policies and procedures for effective Risk Management throughout the Bank, to ensure the adequate and ongoing identification, evaluation and management of the significant risks faced by the Bank. Additional layers of Board assurance of the adequacy and effectiveness of the Bank's risk based internal controls are or will be provided by Board Corporate Governance, Remuneration, Risk and Audit Committees.

3. Board Committees

To assist the Board in carrying out its duties, various Board Committees have been established.

A. The Executive Committee

The Executive Committee's mission is to develop and implement business policies and tactical plans for the Bank through oversight and coordination with the Bank's Management Committee and to issue guidance for its activities within the strategy approved by the Board. The Executive Committee is chaired by the Chairman & Managing Director and composed of three Executive Directors and the Bank's Chief Financial Officer and Chief Risk Officer. In addition, the Committee:

i. Studies and takes decisions related to finance and credit facilities, within the powers vested in the Committee, according to the rules of lending set by the Bank.

ii. Studies and takes decisions related to evaluation reports and contributions to corporate equities within the powers vested in the Committee.

iii. Expresses its opinion on the reports on classification of finance and credit facilities extended by the Bank to its customers, and their relevant proposed provisions.

iv. Expresses its opinion on modifying the organizational and job structure of the Bank and the regulations and systems governing its system of work.

v. Exercises functions defined in the Bank's regulations.

B. The Corporate Governance & Nomination Committee

The Board has recently established a Corporate Governance & Nomination Committee to oversee that the management and conduct of the Bank, its Chairman, other executives, and senior management meet the ethical and professional behavioural standards consistent with the Board's policies.

Amongst other matters, the Committee:

- Seeks to review and approve material relating to disclosure and transparency documents as may be required in conformity with the regulatory requirements or as determined by the Board from time to time.
- Oversees a code of business conduct for the Bank that governs the behaviour of directors, managers and employees and ensures that an appropriate review and selection process for new nominees to the Board is in place
- Establishes the ethical standards that will overlay the Bank's strategy and business activities, taking into consideration the interests of all stakeholders.
- Establishes an internal control environment which comprises systems, policies, procedures and processes that are in compliance with the regulatory requirements. These control measures safeguard Bank assets and limit or mitigate risks as the Board, management and other employees work to achieve the Bank's objectives.
- Ensures that senior management implements policies to identify, prevent or manage, and disclose potential conflicts of interest.

C. The Risk Committee

The Bank has revisited and decided to supplement the existing level of Board support and understanding in risk management by establishing in 2011 a Risk Committee whose role is to oversee the Bank's Risk Management framework and assess its effectiveness. It also reviews and recommends to the Board of Directors key changes that may be required to the Bank's risk policies and risk appetite, and adjustments through monitoring to the risk tolerance and risk profile. The Committee will review the adequacy and appropriateness of stress tests and scenarios devised and used by the Bank's management and provide greater access for the Head of Risk Management function to the Board of Directors. In these ways, the Risk Committee assists the Board of Directors in identifying and controlling risk through the various independent bodies responsible for managing and monitoring risks at different levels within the Bank. The Board of Directors is ultimately responsible for identifying and setting the level of tolerable risks to which the Bank is exposed, and as such, defines the risk appetite for the Bank. In addition, the Board approves policies and procedures related to all types of risks. Periodic reporting is made to the Board on existing and emerging risks in the Bank. With the Risk Committee's support the Board maintains its ultimate responsibility for the Bank's Risk by focusing on the Bank's overall Risk strategy and governance and increasingly taking a forward-looking view of the changing external and internal risk environment and the Bank's high impact Risk mitigation and Reputation requirements.

D. The High Credit Committee

The Board has delegated some of its review role of larger credit exposure that requires detailed and technical credit risk assessment to this special Committee formed by directors with specific skills in this field of activity. The High Credit Committee meets regularly with the Bank's business, financial, risk and other control functions to consider, inter alia, credit risk related reports and information to ensure effective setting, implementation and performance monitoring of the Bank's credit risk strategy, appetite and tolerance in the light of the ever changing external and internal risk environment.

E. The Remuneration Committee

This separate Board Committee has been established to ensure sound governance; provide balanced assessment and distribution; and proper market validation of the Bank's Remuneration and Rewards strategy, policies and key actions, including those pertaining to Executive directors and senior management. Accordingly the Committee members have been chosen for their mixture of appropriate skills and objectivity.

F. The Audit Committee

Audit committee mission is to assist the Board in fulfilling its oversight responsibilities, and is formed of three independent Board members. Among other things the committee is responsible for (i) the adequacy of accounting and financial reporting policies, internal control and the compliance system; (ii) the integrity of the financial statements and the reliability of disclosures; (iii) the appointment, remuneration, qualifications, independence, and effectiveness of the external auditors; and (iv) the independence and effectiveness of the internal audit function. The Board's Audit Committee meets regularly with the Bank's senior financial management, head of internal audit and the external auditor to consider, inter alia, the Bank's financial reporting, the nature and scope of audit reviews and the effectiveness of the Bank's systems of internal control. The Audit Committee receives confirmation that executive management has taken or is taking the necessary actions to remedy any material failings or weaknesses identified through the operations of the Bank's framework of controls.

4. Management level Committees

The main Governance Committees at Management level that naturally cascade from those at the Board level are:

A. The Management Committee

The primary focus of the Management Committee is to prepare the detailed, balanced and integrated strategy, business and financial plans of the Bank that are proposed to the Board and implement those plans by ensuring optimal alignment between the objectives of the different Lines of Business, Support and Control functions. As an example, to ensure good governance is practiced by the Executive and Management team, high impact recommendations made by the Internal Audit function are considered by the Committee and implemented in an appropriate manner and agreed timetable. Confirmation to this effect is provided to Internal Audit. Executive management must also confirm annually as part of the Internal Audit process that functions under their control have taken, or are in the process of taking, the appropriate actions to deal with all significant recommendations made by external auditors in management letters or by regulators following regulatory inspections. The Bank's Management Committee meets regularly to plan and implement the Bank strategy and under the authority of the Board, provide the day to day management and running of the Bank, in accordance with such policies and directions as the Board may from time to time determine to assure good governance is being maintained.

B. Asset Liability Committee

The Asset Liability Committee (ALCO) is a Management committee responsible in part for determining market risk limits and mitigation strategies, exposure management, liquidity, funding needs and contingencies. It is the responsibility of ALCO to set up strategies for managing market risk exposures and ensuring that Treasury implements those strategies so that exposures are managed within approved limits and in a manner consistent with the risk policy and limits approved by the Board.

C. The Change and Operative IT Committees

The Change Committee has been formed to provide leadership, governance and timely decision making for implementation of all the Bank's existing and future change projects. The Change Committee determines change project consolidation, integration and prioritisation to ensure an optimal balance and use of the Bank's resources (our people, financial budget and IT) to achieve our near term and strategic objectives. The Operative IT Committee acts as a validator of the technical requirements of Change projects and the allocation and mobilisation of IT resources, in close coordination with the Audi Group.

D. The Compliance and Anti-Money Laundering Committee

The Committee mission is to provide assistance to the Board of Directors and Management of the Bank in overseeing the implementation of the Compliance terms of reference and assuring that the Bank is operating and practicing sufficient KYC, AML & CFT policies and procedures, in addition to compliance to all subject laws, regulations and Group standards. The Committee is chaired by an Executive Director and consists of 5 members of the Management team.

E. The Security and Business Continuity Committee

The mission of the SBCC is to assist the Board of Directors and Management to ensure adequate governance and protection of the Bank's key physical, people and information assets. The SBCC among other roles, adopts specific security and business continuity policies, procedures and standards and oversees their implementation throughout the Bank.

5. Control Responsibilities

The Board members are responsible for internal control in the Bank and for reviewing its effectiveness. These include procedures for safeguarding the Bank's financial, human, physical and information assets for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. The Bank sets policies, procedures and standards for adherence relating to the following risks, credit, market, liquidity, operational, IT, fraud, Business Continuity, Information Security, accounting, tax, legal, Regulatory, Compliance, Human Resources, reputational, Shariah and strategic risks. Responsibility for exposure to separate and interrelated elements of credit, market and operational risk dependent on their specified risk characteristics is delegated with limits to line management.

Overview

As a growing financial institution, the Bank is constantly faced with a changing array of business risks, the most important of which is credit risk, or the risk of default or deterioration in the ability or willingness of a borrower to repay a loan or a counter party to honor its contractual obligations. The Bank is also exposed to market risks, or the risk that a change in market rates or prices will have a deleterious impact on its income and economic net worth. Liquidity risk is the risk of having insufficient funds to meet obligations as they come due either because of an inability to borrow or sell assets in a timely manner. Another risk is operational risk, or the risk of incurring losses from inadequate or failed internal processes, human or system errors, fraud, and external threats. The Bank is also exposed to legal, reputation and strategic risks. Risks are managed through a process of ongoing identification, measurement and monitoring subject to risk limits and procedural controls. Risk management is important for the continuous profitability and solvency of the Bank and every employee is tasked with the prudent management of risks within the parameters of his or her responsibilities.

Moreover, in ensuring effective Risk Management by the Bank's Board, Executive Management and Risk Management function, there is close collaboration and sharing of knowledge and methodologies with the Bank Audi sal – Audi Saradar Group. We collaborated on several important Group wide internal projects or organizational improvements during 2010 aimed at enhanced measurement and management of risks within a governance structure ensuring timely information and escalation, well beyond the increasingly demanding regulatory requirements now leading to Basel III. The ultimate objective remains to optimize the allocation of capital and reduce uncertainty, thus the cost of capital. These collaborative projects have started to encompass:

- Improving Risk Management processes.
- Enhancing models and improving the reliability and relevance of internal ratings with the Group's goal of qualifying for Basel II IRB certification.
- Rolling out Board-approved risk principles and methodologies for all risk types.
- Upgrading human capabilities through training and hiring.
- Meeting IFRS requirements related to risk

In addition, the Bank works closely with the Group in preparing the submission of a comprehensive ICAAP (Internal Capital Adequacy Assessment Process) document to the Board and to regulators. Such a document reflects how the Bank and the Group manage capital resources versus capital requirements.

The Risk Management department is a function independent of Lines of business and headed by the Bank's Chief Risk Officer. The department has the responsibility to ensure that risks are properly identified, measured, monitored, and reported to heads of Lines of Business (LoBs) Senior Management, ALCO, the various Credit Committees and the Board. In addition, the department works closely with Senior Management to assist in ensuring proper controls are set up in order to mitigate various market and operational risks. The department has the responsibility to recommend and update risk policies and procedures for final adoption by the Board and conduct extensive portfolio reviews and stress-tests.

The primary drivers behind monitoring and controlling risks are limits established by the Board. These limits reflect the business strategy and market environment of the Bank, as well as the level of risks that the Bank is willing to tolerate. Limits are formalized in documents approved by the Board (or the Executive or High Credit Committee before they are submitted to the Board) and comprise credit limits per counterpart, industry or instrument type, minimum liquidity limits, interest rate risk limits, and operational risk tolerances. Information independently compiled from all LoBs and risk-taking units is examined and processed in order to identify and measure risk exposures. The results are reported and presented to the Management and the Board through a set of risk reports depending on risk types (i.e. credit, market, operational). On a frequent basis, detailed reporting is performed on industry and customer risks. In addition, the Risk Management department assesses and makes recommendations as to the appropriateness of provisions for deterioration in credit quality.

Risk concentrations arise when a number of counterparties are engaged in similar business activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political and other conditions.

Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location. Similarly for liquidity, concentration is measured with respect to the source and type of funding. In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines and limits to maintain diversified funding and portfolio, including Board-approved measures to comply with the Central Bank of Egypt's concentration risk requirements.

Risk management processes are independently audited by the Internal Audit department. This includes the examination of both the adequacy and effectiveness of risk identification and control procedures. Internal audit discusses the results of its assessments with Management and reports its findings and recommendations to the Audit Committee of the Board.

The Compliance Function scope covers Anti Money Laundering, Policies and Procedures, Corporate Governance and Code of Conduct. The code sets the Bank's core values which encompass our commitment to create a culture that adopts ethical business practices, good corporate citizenship, and an equal and fair working environment. In the meantime, it encourages a culture of transparency to encourage employees to draw attention to any concerns, unfair or unethical practices they may see taking place.

The Compliance Function is an independent function monitoring a sound Compliance program governed by applying relevant international practices as well as rules and regulations.

A. Credit Risk

Credit Risk appetites and strategies are set by the Board and are communicated to Senior Management, which in turn formulates credit policies and procedures in line with these strategies. These policies are approved by the High Credit Committee and the Board and are regularly reviewed and updated.

The Bank controls credit risk by setting limits on the amount of risk it is willing to accept for individual, groups counterparties and industry concentration, and by monitoring exposures in relation to such limits.

The Bank has set clearly established processes related to loan origination, documentation and maintenance of extensions of credits. Credit analysis is performed within the business originating function and is reviewed independently by the Credit Risk Management department, which in turn prepares an opinion about the credit facilities to be submitted to the respective credit committees.

Credit committees are exclusively responsible for the approval of facilities per obligor up to the limit assigned to them. Once approved by the Credit Committee, facilities are disbursed when all requirements set or concurred by the respective committee are met and all documents including those pertaining to security or collateral for mitigating the risk to the tolerable level are reviewed and verified by the Credit Administration function within the Risk Management Department, which is responsible to upload the limits of facilities, activate them and ensure that they are used within the credit approval conditions.

The Bank maintains continuous monitoring of the quality of its portfolio. Timely reports are sent to Management and the Board detailing the credit risk profile including any large exposures, risk ratings and concentrations.

Impaired loans are determined by evaluating the exposure to loss, case by case, on all individual accounts. Recovery and restructuring is based on a formulated workout strategy, and involve the skills and knowledge of designated staff across business, operational and control functions including the Risk and Legal Departments. Credit committees are responsible for approving these workout strategies, terms and conditions and action plans.

As part of the conservative approach to sustain the quality of the Bank's loan portfolio, an evaluation of loan loss provisions is made at least on a quarterly basis. As such, all adversely classified accounts are reviewed regularly so that specific and precautionary provisions can be taken against these accounts.

For Retail loans, Impairment provisioning is determined on a collective basis based on very detailed daily monitoring methods and collection systems and procedures.

In the normal course of business, some loans may become unrecoverable. Such loans would then be required to be partially or fully written-off after taking into consideration some or all of the following guidelines:

a) The loan is written-off with proper approval when:
   - All efforts to recover the bad debt have failed.
   - The borrower's bankruptcy or inability to repay is established beyond any reasonable doubt.
   - Legal remedies have proved to be futile and/or cost prohibitive.

b) Requests for write-offs are to be submitted to the High Credit Committee for approval.

The Bank has minimal activity and exposure to counterparty risk arising from derivative financial instruments. The Bank makes available to its customers guarantees and letter of credit facilities which may require payments on their behalf. Such payments are collected from customers based on the terms of the letter of credit or other guarantees. These expose the Bank to similar risks to loans and these exposures are mitigated and controlled by similar policies, processes and procedures as described above for loans.

The Bank's increase in the loan portfolio during 2010 was not achieved at the detriment of loan quality, which continues to display good levels by Egyptian market standards. Gross doubtful loans represented 1.5% at end-December 2010 of gross loans (as compared to 2.4% at end-December 2009).

The Bank in conjunction with the Group assesses the quality of its credit portfolio using various well-established techniques, objective and judgmental methodologies and internally designed and validated rating and default predictive systems and methods. Dependent on the counterparty this might include:

- External ratings from approved credit rating agencies for Financial Institutions.
- A judgmental obligors rating system.
- Policies and collection history for retail borrowers through the I-Score systems.
- The Central Bank of Egypt regulatory ratings, comprising 10 main categories.

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of collateral for expected or actual impaired loans/exposures. Generally, the classification of the Bank's exposures to Financial Instruments and balances due from banks and Financial Institutions are as per international ratings.

B. Market Risk (including Currency & Interest rate risk)

The Market Risk unit's responsibilities are to identify, measure, report, and monitor all potential and actual market risks to which the Bank is exposed. The purpose is to introduce transparency around the Treasury and Capital Markets trading and investment portfolio, and the Bank's asset and liability risk profile through consistent and comprehensive risk measurements, aggregation, management and analysis. Policies are set and limits monitored in order to ensure the avoidance of large, unexpected losses and the consequent impact on the Bank's safety and soundness. Many tools have been developed in-house to offer a holistic view of risk exposures and are customized to meet the requirements of all end users and the regulator. Gap analysis, stress testing and crisis liquidity calculations have been well established and regularly tested under various manifestations of the international credit crisis and recent events in Egypt, such as increased volatilities and correlations and widening of credit spreads.

Imperfect correlations in the movements of currency prices and fluctuations in interest rates affect all banks and Bank Audi sae fully acknowledges and manages these as distinct risk factors.

The Central Bank of Egypt allows the Bank to maintain a currency exchange overnight open position, that does not exceed 10% of total net equity on condition that the global currencies exchange open position "Long or Short" do not exceed 20% of total net equity.

In addition to regulatory limits, the Board has set limits on positions by currency. These positions are monitored constantly to ensure they are maintained within established limits. The Bank is subject to currency risk on financial assets and liabilities that are listed in currencies other than the Egyptian Pound. Most of these financial assets and liabilities are listed in US Dollars or Euros.

The table below shows the currencies to which the Bank had significant FX open position at 31 December 2010 on its non-trading monetary assets and liabilities.

Fig in EGP 000's

		Fx Position in EGP			STRESS TEST		
	Original curr	Long	Short	Position	1%	2%	3%
EGP	32 640	32 640		32 640	0.0	0.0	0.0
USD	-5 778		33 538	-33 538	335.4	670.8	1 006.2
GBP	-3		24	-24	0.2	0.5	0.7
EURO	-4		34	-34	0.3	0.7	1.0
JPY	498	35		35	0.4	0.7	1.1
CHF	14	85		85	0.8	1.7	2.5
SAR	205	318		318	3.2	6.4	9.5
Other	52	303		303	3.0	6.1	9.1
				Total	343	687	1 030

The numbers represent the effect of a reasonably possible movement of the currency rate against the Egyptian Pound at that time, with all other variables held constant, on the income statement (due to the potential change in fair value of currency sensitive non-trading).

The Bank is exposed to interest rate risk as a result of mismatches of interest rate re-pricing of assets and liabilities. Positions are monitored on a monthly basis by Management and, whenever possible, hedging strategies are used to ensure positions are maintained within established limits.

The table below shows the sensitivity of interest income and shareholders' equity to reasonably possible parallel changes in interest rates, all other variables being held constant.

December 2010	TOTAL	EGP	EUR	USD	GBP	JPY	OTHER
Total	29 142.1	17 762.8	1 488.2	9 630.0	81.1	-0.1	180.1
Short term	-5 938.7	-11 031.9	906.2	4 155.8	36.1	-0.1	-4.8
Medium term	25 959.7	19 661.2	582.0	5 486.6	45.0	0.0	184.6
Long Term	9 121.1	9 133.5	0.0	-12.4	0.0	0.0	0.0
Limit	45 000.0						

EVE @1% Rate Shock

EaR @2% Rate Shock:

Consolidated Position

Fig in EGP 000's	EaR @2% rate Shock for Periodic Gap				
Date	< 1M	1-3 M	3-6 M	6-12M	Total EaR
Dec 2010	-22 105	-25 978	11 544	5 523	-31 017

The impact of interest rate changes on net interest income is due to assumed changes in interest paid and received on floating rate financial assets and liabilities and to the reinvestment or refunding of fixed rated financial assets and liabilities at the 2% rates shock. The result includes the effect of hedging instruments and assets and liabilities held at 31 December, 2010.

The change in interest income is calculated over a 1-year period. The impact also incorporates the fact that some monetary items do not immediately respond to changes in interest rates. This lag in response time is estimated based on historical relationships and is reflected in the outcome that sensitivities to rate rises are different than those to rate drops.

The sensitivity of equity is calculated by considering the potential impact of interest rate changes on the present value of all future cash flows at an assumed increase in interest rates by 1%. Available for sale debt instruments were revalued using modified duration method.

The Bank's interest sensitivity position based on contractual repricing arrangements is shown in the table above. The expected repricing and maturity dates may differ significantly from the contractual dates particularly with regard to the maturity of customer demand deposits.

Equity price risk is the risk that the value of a portfolio will fall as a result of a change in stock prices. Risk factors underlying this type of market risk are a whole range of various equity (and index) prices corresponding to different markets (and currencies/maturities) in which a Bank might hold equity-related positions.
Bank Audi sae does not have any material equity or quasi equity investment holdings. The Bank sets tight limits on equity exposures and the types of equity instruments that traders are allowed to take positions in EGX 30.

Depending on the complexity of financial instruments, equity risk is measured in first cash terms, such as the market value of a stock/index position, and also in price sensitivities, such as sensitivity of the value of an equity to changes in the underlying asset price.

C. Liquidity and Asset / Liability Management

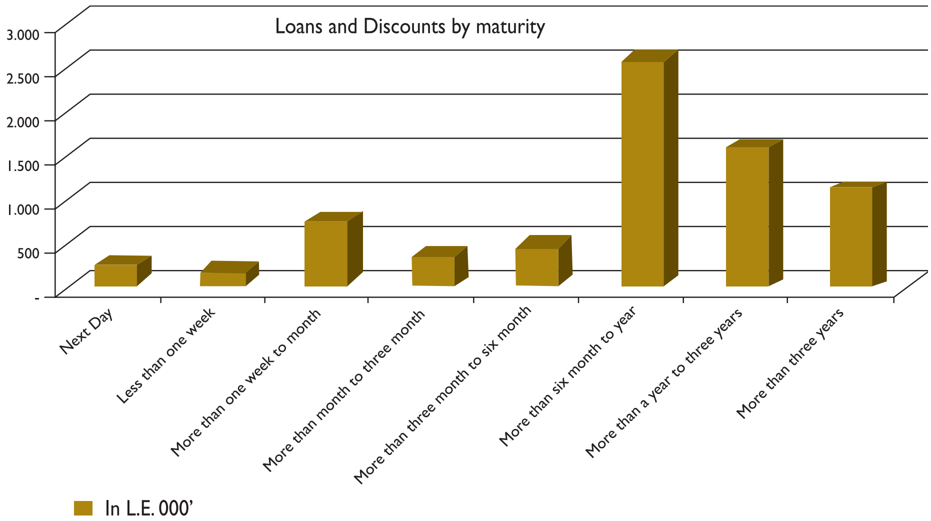
The Bank's total primary liquidity (composed of cash and cash reserve with Central Bank of Egypt including Time Deposit and placements with banks), reached at end-December 2010 EGP 5.59MM, representing 35.7% of total customers' deposits, one of the highest liquidity levels of our Peer Group of Egyptian banks.

To limit Liquidity risk, Management manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high qualified liquid assets which could be used to meet financial obligation if required. The Bank maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. In addition, the Bank maintains statutory deposits with the Central Bank of Egypt. As per banking regulations pertaining at end December 2010, the Bank was required to retain reserves with the Central Bank of equivalent to 14% of the customer deposits denominated in Egyptian Pounds. As for foreign currencies, the Bank must retain with the Central Bank interest-bearing statutory investments equivalent to 10% of foreign currency customer deposits. The Bank's liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank.

In accordance with Central Bank regulations, the ratio of liquid assets to deposits and commitments in foreign currencies and Egyptian Pounds should not be less than 25% and 20% respectively. The highly liquid net assets consist of cash and balances with central banks, deposits with banks and financial institutions less deposits from banks and financial institutions, discounted acceptance maturing within 3 months, Treasury bonds and Treasury bills after repos.

In January 2009, the Bank successfully issued its Liquidity Contingency Plan (LCP) as part of the overall Business Continuity Management (BCM) process. The purpose of the LCP is to protect the Bank by providing guidelines and management direction for identifying and resolving unexpected and potentially serious liquidity problems (in case of sudden internal or external events that could result either in a short or long term liquidity crisis).

The maturity profile of the assets at 31 December, 2010 was as follows:



The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date and do not take account of the effective maturities as indicated by the Bank's deposit retention history and the availability of liquid funds. The maturity profile is monitored by Management to ensure adequate liquidity is maintained. The table below summarizes the maturity profile of the Bank's assets and liabilities.

Fig in USD 000's

Liquidity Risk - Cash Inflows in USD

	Up to 1 Month	1 - 3 Month	3 - 12 Months	1 - 5 Years	More than 5 Years	Total
Financial Liabilities						
Bank Deposits	12 682 393	-	-	-	-	12 682 393
Customer Deposits	1 277 186 939	568 980 972	250 365 800	264 998 701	1 177 798	2 362 710 211
Other Loans	49 978 203	-	-	-	-	49 978 203
Other Financial Liabilities & Derivatives	22 165 347	-18 317	-9 742	-	-	22 137 288
Total Financial Liabilities according to contractual	1 362 012 883	568 962 655	250 356 058	264 998 701	1 177 798	2 247 508 095
Total Financial Assets according to contractual	1 159 100 570	480 967 559	473 350 725	487 172 934	36 837 675	2 637 429 462

D. Operational Risk

The Bank has established an operational risk management framework implemented by the independent Operational Risk Management team, in coordination with other essential elements of the Bank's control framework such as Compliance, Legal, Corporate Information Security and Business Continuity, and Internal Audit.

Central to this framework are tried-and-tested principles and practices such as redundancy of critical systems, segregation of duties, strict authorization procedures, risk management responsibility at the operational level and the requirement to be able to price and value independently any proposed transaction. Incidents are reported, analyzed, and fed into internal loss database, used as a tool to follow-up on outstanding issues and as the basis for reporting operational risk to Management and to the Board. Insurance coverage is used as an external mitigant and is commensurate with activity, both in terms of volume and characteristics.

E. Capital Management

In 2010 the Board of Directors, while approving the 5 year growth strategy, decided to keep the available distribution of net profit to consolidate the capital base and to partially finance the investments needed for the new business plan.

Thus, Shareholders' Equity increased from EGP 1,290MM at end-December 2009 to EGP 1,397MM at end-December 2010, rising year-on-year by EGP 107MM (i.e. a growth of 8.3%) and reflecting primarily the internal capital generation 9% and the reserve on revaluation of financial instruments (0.4%).

As a percentage of total assets, shareholders' equity represented 9% at end-December 2010 compared to 11.2% at end-December 2009. The Bank's shareholders' equity translated in a capital adequacy ratio of 12% at end-December 2010, a level above the regulatory minimum of 10%. Since 2009 the basis for capital adequacy computation, as directed by the Central Bank of Egypt, was that of Basel II which requires banks, in addition to meeting the Pillar I requirements (i.e., minimum capital requirements under Basel II), to establish a documented assessment mechanism carried out in accordance with certain guidelines including (i) the risks to which the Bank is exposed, such as credit risk, market risk, operational risk, interest rate risk, credit concentration risk, liquidity risk and strategic risk; (ii) the future capital needs of the Bank to be determined in light of the Bank's strategy ; and (iii) the periodic monitoring of the sufficiency of the Bank's capital to cover the minimum requirements to counter any risks or potential negative changes, while evaluating all the qualitative (i.e. Corporate Governance, Risk Management and Internal Control regulations) and quantitative (i.e. the calculation of the capital requirements in accordance with Pillar I and Pillar II) elements which stipulated that risk exposures "Liquidity & Interest rate risk in banking book are within Basel II – Pillar 2 parameters. Bank Audi sae has been conducting quantitative impact studies since June 2009 for Pillar I and potential adjustments for Pillar II since Dec 2010.

EGP 000's

	End of 2009	End of 2010
Risk Weight Assets	6,530,871	9,960,468
1st - Credit Risk	5,856,155	9,478,326
2nd - Market Risk	573	62
3rd- Operational Risk	674,143	482,080
Tier One Capital	1,180,573	1,211,575
Tier One Ratio	18.08%	12.22%
Tier Two Ratio	0.0007%	0.03%
	18.08%	12.25%
Capital Adequacy Ratio (Basel II)	18.08%	12.19%

By maintaining an actively managed capital base, the Bank's objectives are to cover risks inherent in the business, to retain sufficient financial strength and flexibility, to support new business growth, and to meet national and international regulatory capital requirements at all times. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Central Bank of Egypt and the Audi Group. These ratios measure capital adequacy by comparing the Bank's eligible capital with its statement of financial position assets and off-balance sheet commitments at a weighted amount to reflect their relative risk (i.e. Risk weighted assets to Total assets = 62%). To satisfy Basel II Pillar I capital requirements, the Central Bank of Egypt requires maintaining a ratio of total regulatory capital to risk-weighted assets at a minimum of 10%. As mentioned above, under Pillar 2, it also requires banks to provide additional capital for those risk profiles (i.e. Liquidity Risk, Interest rate Risk in Banking Book…..etc) not covered under Pillar 1.

6. Risk Management

Overview

Internal controls are an integral part of how the Bank conducts its daily business .The Bank's manuals and statements of policy are the foundation of these internal controls. There is a strong process in place to ensure controls operate effectively. Any significant failings are reported through the control mechanisms, internal audit and compliance functions to the Audit Committee, which keeps under review the effectiveness of the internal controls system and reports regularly to the Board.

A. Key internal control procedures

These include the following:

- Authority to operate the Bank and responsibility for financial performance against plans and capital expenditure is delegated to the Chairman and Managing Director who has responsibility for overseeing the establishment and maintenance of systems of control appropriate to the business and who has the authority to delegate such duties and responsibilities as he sees fit.
- The appointment of executives to the most senior positions within the Bank requires the approval of the Board of Directors.
- Functional, operating, financial reporting and certain management reporting standards are established by the Executive and Management Committees, for application across the whole Bank. These are supplemented by operating standards set by the Bank as required.
- Systems and procedures are in place in the Bank to identify, control and report on the major risks including credit, market, liquidity and operational risk (including accounting, tax, legal, compliance, information, physical security, business continuity, fraud, systems and people risk) with exposure to these risks monitored by the Bank's Executive, various Committees and Risk Management department.
- The Bank's financial reporting process for preparing the Annual Report and Accounts is controlled using accounting policies and reporting formats, supported by a chart of accounts and overseen by the Bank's Chief Financial Officer
- Processes are in place to identify new risks from changes in market conditions/practices or customer behaviours, which could expose the Bank to heightened risk of loss or reputational damage.
- Periodic strategic and business plans are prepared for key Lines of Business including product specialist and branches as well as support functions. The bank prepares rolling operating plans which set out the key business initiatives and the likely financial effects of those initiatives, which are informed by analysis of the types and quantum of risk that the Bank is prepared to take in executing its strategy.
- Governance arrangements are in place to provide oversight of, and advice to the Board on, any material risk-related matters.
- Appropriate controls are exercised over all IT systems, developments and operations. Common systems are employed for similar business processes whenever applicable.
- Policies are being established or enhanced to guide the Bank, and management at all levels in the conduct of business to avoid reputational risks which can arise from environmental, social or governance issues, or as a consequence of operational risk events. As a Bank it is recognised that our good reputation depends on the way in which the Board, Management and staff of the Bank conducts its business but it can also be affected by the way in which clients, to whom the Bank provides financial services, conduct their business or use financial products and services.

- The establishment and maintenance of appropriate systems of internal control is primarily the responsibility of business management. The Internal Audit function monitors the effectiveness of internal control structures across the whole of the Bank focusing on the areas of greatest risk to the Bank as determined by a risk-based assessment approach to the Bank's Audit Universe.

- The Audit Committee keeps under review the effectiveness of this system of internal control and reports regularly to the Board of Directors. The key processes used by the Committee in carrying out its reviews include: regular business and operational risk assessments; regular reports from the heads of key risk functions; the production of reviews of key internal controls measured against benchmarks, which cover key internal controls, both financial and non-financial; confirmations from senior executives that there have been no material losses, contingencies or uncertainties caused by weaknesses in internal controls; internal audit reports; external audit reports; and regulatory reports.

The reliability and security of the Bank's information and technology infrastructure and its customer databases are crucial to maintaining the service availability of banking applications and processes and to protecting the Bank's brand. Critical system failure, any prolonged loss of service availability or any material breach of data security, particularly involving confidential customer data, could cause serious damage to the Bank's ability to service its clients, could breach regulations under which the Bank operates and could cause long term damage to its business and brand. The Bank has established a well functioning unit entitled Corporate Information Security and Business Continuity to oversee and provide assurance on these matters.

B. Health and Safety

The maintenance of appropriate health and safety standards throughout the Bank remains a key responsibility of all managers and the Bank is committed actively to managing all health and safety risks associated with its business. The Bank's objectives are to identify, remove, reduce or control material risks of fires and of accidents or injuries to employees and visitors.

7. Citizenship and Corporate Social Responsibility

Bank Audi sae takes its Citizenship and Corporate responsibility very seriously through the following

A. Diversity & Inclusion

The Bank continues to be committed to providing equal opportunities to employees and to proactively encourage an inclusive workplace in line with the Bank's values.

B. Employees with disabilities

The Bank makes reasonable adjustments where employees become disabled during their employment.

C. Corporate sustainability

The Bank recognises that environmental, social and economic issues can impact on its long term success as a business. Corporate Sustainability means achieving sustainable profit growth so that the Bank can continue to reward shareholders and employees, build long-lasting relationships with customers and suppliers, pay taxes and duties, and invest in the community for future growth.

D. Corporate Social Responsibility

Corporate Social Responsibility (CSR) plays an important role in assisting the Board and Executive Management to implement and maintain the core principles of Corporate Social Responsibility that underpin the Bank's values, strategy, business objectives and policies towards its sustainable development through competitiveness, productive use of resources and good governance.

The Bank's CSR will focus on but not be limited to, developing and maintaining a Social Responsibility Statement and Policies which set out how the Bank should interact with its key stakeholders, how it develops its philanthropic and corporate citizenship activities and reports on these. These Policies will help reinforce and sustain the Bank's principles based code of responsible business practices & ethics. The Bank intends to identify and develop optimal collaboration with selected social, educational, charitable and community groups on philanthropic opportunities that reflect the Bank's Values and commitment to the Community.

EFB Ramadan Campaign (2010)

In an on-going effort to play our civic role to society and to support the Egyptian Food Bank (EFB) on an annual basis, we proudly shared with all our staff "The Bank Audi sae and EFB Campaign" that commenced August , 2010.

The EFB is a charitable entity aimed at the supply and delivery of food to orphans, elders, widows, needy families and persons incapable of work or profit and their vision is"to overcome hunger by being the link between those capable people and those needing help".

Considering the above vision of EFB and Bank Audi sae's on-going civic role to society as one of the Bank's core values, Bank Audi continued its support to EFB but this support will last for an entire FULL year and NOT only during the holy month of Ramadan.

Bank Audi sae prepared a joint campaign with EFB whereby both existing and new Bank Audi sae credit cardholders will support EFB to deliver food to people in need in an entire village for a whole FULL year. The amount that the Bank will give to EFB will help EFB deliver food to people in need in an entire village for one FULL year which was calculated based on average monthly transactions from existing credit cards as well as average credit cards issued on monthly basis.

HARVEST

Harvest

Customer Deposits Growth

2.8

Times
from 2006 to 2010

VI. FINANCIAL STATEMENTS AND NOTES

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

KPMG Hazem Hassan
Public Accountants & Consultants

Auditors' Report
To The Shareholders Of Bank Audi sae

Report on the Financial Statements

We have audited the accompanying financial statements of Bank Audi sae, represented in the balance sheet as of 31 December 2010, and the related statements of income, changes in equity and cash flows for the 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, as management is responsible for the preparation and fair presentation of the financial statements in accordance with the Central Bank of Egypt's rules relating to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Board of Directors on 16 December 2008 and in light of the prevailing Egyptian laws and regulations. Management responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above, give a true and fair view, in all material respects, of the financial position of the bank as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with the Central Bank of Egypt's rules relating to the preparation and presentation of bank's financial statements and measurement and recognition bases approved by its Board of Directors on 16 December 2008 and the related applicable Egyptian laws and regulations relating to the preparation of those financial statements.

Explanatory paragraph

Without qualifying our opinion, as indicated in (note 35) of the notes to the financial statements which describe the fact that Egypt was exposed to events which probably effect its economic activities in the subsequent periods, no indications or evidences are available to the management to make them perform material changes on the elements of the assets and liabilities and results of its operation in the subsequent financial periods as a result of the subsequent events to financial statements date.

Report on Other Legal and Regulatory Requirements

Nothing came to our attention that during the year ended 31 December 2010, the bank was not in compliance with the laws and regulations of the Central Bank of Egypt banking and monetary institution no. 88 of 2003.

The bank maintains proper accounting records that comply with the laws and the bank's articles of association and the financial statements agree with the bank's records.

The financial information included in the Board of Directors' Report, prepared in accordance with Law no. 159 of 1981 and its executive regulation, is in agreement with the books of the bank insofar as such information is recorded therein.

Auditors

Ehab Morad Azer
Allied for Accounting & Auditing E&Y
Public Accountants & Consultants

Hassan Basiony Albsha
KPMG Hazem Hassan
Public Accountants & Consultants

Hassan Bas

KPMG Hazem Hassan
Public Accountants & Consultants

N.B. Translation of financial statements Originally issued in Arabic
Cairo: 17 February 2011

Bank Audi sae

Balance Sheet

For the Year Ended 31December 2010

	Note No	For the year ended 31 December 2009 EGP	For the year ended 31 December 2010 EGP
Assets			
Cash and balances with Centeral Bank of Egypt	(14)	731 528 290	1 333 283 672
Due from banks	(15)	4 201 706 908	4 260 846 175
Treasury bills and other governmental notes	(16)	768 470 136	1 880 770 541
Loans and facilities to banks	(17)	11 514 481	92 256 749
Loans and facilities to customers	(18)	4 878 419 829	7 110 624 516
Financial derivatives	(19)	1 460 692	421 697
Financial Investments:			
Available for sale	(20)	394 734 314	463 216 275
Held to maturity	(20)	87 021 423	90 737 117
Intangible assets	(21)	5 250 438	5 396 852
Other assets	(22)	144 440 806	170 000 905
Fixed assets	(23)	266 011 096	269 472 359
Total assets		11 490 558 413	15 677 026 858
Liabilities and Equity Liabilities			
Due to banks	(24)	303 039 041	73 620 022
Customers' deposits	(25)	9 467 446 149	13 715 296 503
Financial derivatives	(19)	87 314	636 646
Other loans	(26)	274 270 000	290 118 471
Other liabilities	(27)	113 417 020	156 337 829
Other provisions	(28)	16 760 785	12 031 878
Current income tax liability	-	5 567 842	
Deferred tax liability	(29)	25 863 155	26 192 840
Total liabilities		10 200 883 464	14 279 802 031
Equity			
Paid up capital	(30)	1 123 437 365	1 123 437 365
Reserves	(31)	86 355 613	117 517 480
Retained earnings	(31)	79 881 971	156 269 982
Total equity		1 289 674 949	1 397 224 827
Total Liabilities and Equity		11 490 558 413	15 677 026 858

The accompanying notes from page (6) to page (57) are integral part of these financial statements and are to be read therewith.

Bank Audi sae

Statement of Income

For the Year Ended 31 December 2010

	Note No	For the year ended 31 December 2009 EGP	For the year ended 31 December 2010 EGP
Interest income from loans and similar revenues	(5)	703 040 832	995 487 433
Cost of deposits and similar costs	(5)	(437 004 990)	(654 410 607)
Net interest Income		266 035 842	341 076 826
Banking fees and commissions revenues	(6)	84 108 137	114 915 045
Banking fees and commissions expenses	(6)	(3 301 861)	(4 175 996)
Net income from fees and commissions		80 806 276	110 739 049
Dividends distribution	(7)	259 095	118 380
Net trading income	(8)	1 909 816	906 194
Gains from financial investments	(20)	15 970 911	11 780 878
Impairment of credit losses	(11,18)	(30 732 396)	(9 031 204)
Administrative expenses	(9)	(208 377 517)	(246 234 801)
Other operating income	(10)	10 655 944	15 308 745
Net profits before income taxes		136 527 971	224 664 067
Income tax expenses	(12)	(29 377 419)	(50 050 292)
Net profits for the year		107 150 552	174 613 775
Earning per share (pound/share)	(13)	4.86	8.00

The accompanying notes from page (6) to page (57) are integral part of these financial statements and are to be read therewith.

Bank Audi sae

Statement of Cash Flows
For the Year Ended 31December 2010

	Note No	For the year ended 31 December 2009 EGP	For the year ended 31 December 2010 EGP
Cash flows from operating activities			
Net profits for the year before (tax) taxes		136 527 971	224 664 067
Adjustments to reconcile net profits to (net) cash flows provided from operating activities			
Depreciation and amortization		21 656 177	25 877 356
Impairment of credit losses		30 732 396	9 031 204
Other provisions		8 417 982	4 924 807
Impairment of other assets- payments to aquire fixed assets		682 806	282 315
Provisions used - other than loan provision		(11 126 077)	(9 586 714)
Premium discount of issuing held to maturity investments		(3 088 694)	(3 715 694)
(Profits) losses from sale of fixed assets		490 158	(64 906)
(Profits) from sale of trading financial investments		(1 909 816)	(906 194)
Provisions no longer required		(587 157)	(67 000)
Other loans revaluation differences		-	15 848 471
Profits from sale of other financial investments		(15 970 911)	(3 350 611)
Operating Profits before changes in assets and liabilities provided from operating activities		165 824 835	262 937 101
Net decrease (increase) in assets			
Due from the Central Bank of Egypt within reserve percentage		(192 430 061)	(586 805 614)
Due from banks		(1 790 110 656)	(83 721 107)
Treasury bills and other governmental notes		(101 817 818)	(1 112 300 405)
Financial derivatives (net)		(1 373 378)	1 588 327
Trading financial assets		1 909 817	906 194
Available for sale financial investments		41 111 796	(56 035 523)
Loans and facilities to banks		(11 514 481)	(80 742 268)
Loans and facilities to customers		(562 442 977)	(2 238 640 553)
Other assets		59 967 350	(53 029 705)
Net increase (decrease) in liabilities			
Due to banks		247 798 992	(229 419 019)
Customers' deposites		2 697 190 392	4 247 850 353
Other liabilities		34 549 621	42 899 537
(Payment) paid income taxes		-	(44 144 356)
Net cash flows provided from operating activities		**588 663 432**	**71 342 962**
Cash flows from investing activities			
Payments to acquire fixed assets and fixtures of branches		(62 570 126)	(2 931 229)
Proceeds from sale of fixed assets		416 860	127 703
Purchases of financial investments other than trading financial investments		(55 008 475)	-
Payments to acquire intangible assets		-	(2 283 637)
Net cash flows used in investing activities		(117 161 741)	(5 087 163)

Bank Audi sae

Statement of Cash Flows
For the Year Ended 31 December 2010

	Note No	For the year ended 31 December 2009 EGP	For the year ended 31 December 2010 EGP
Cash flows from Financing Activities			
Dividends paid		-	(75 887 871)
Settled from other loans		(414 942 501)	-
Net cash flows (used in) financing activities		(414 942 501)	(75 887 871)
Net change in cash and cash equivalents during the year		56 559 190	(9 632 072)
Cash and cash equivalents at beginning of the year		120 396 240	176 955 430
Cash and cash equivalents at end of the year		176 955 430	167 323 358
Cash and cash equivalents are represented in :			
Cash and due from Central Bank		731 528 290	1 333 283 672
Due from banks		4 201 706 908	4 260 846 175
Treasury bills and other governmental notes		768 470 136	1 880 770 541
Due from the Central Bank of Egypt within reserve percentage		(621 218 353)	(1 208 023 967)
Deposits at banks		(4 135 061 415)	(4 218 782 522)
Treasury bills and other governmental notes (with maturities of more than three months)		(768 470 136)	(1 880 770 541)
Cash and cash equivalents	(32)	176 955 430	167 323 358

Non-cash transactions presented as follows:

For the purpose of preparing cash flows statment the followings transactions were eleminated :-

- EGP 24 311 692 represents the transfer from advancec to aquire fixed assets -other assets to fixed assets and the balance was removed from payments to aquire fixed assets and change in other assets.

- EGP 21 272 represents the tranfer from other liabilities - payments to aquire fixed assets to fixed assets and the balance was removed from payments to aquire fixed assets and change in other liabilities.

The accompanying notes from page (6) to page (57) are integral part of these financial statements and are to be read therewith.

Bank Audi sae

Statement of Proposed Dividends
For the Year Ended 31 December 2010

	For the year ended 31 December 2009 EGP	For the year ended 31 December 2010 EGP
Net profit from the statement of income	107 150 552	174 613 775
"Profits from sale of fixed assets transferred to the capital reserve according to law rules"	-	(64 906)
General banking risk reserves	(15 879 663)	(18 343 793)
Net profits for the year available for distribution	91 270 889	156 205 076
(Accumulated deficit) at the beginning of the year	(11 388 918)	-
Total	79 881 971	156 205 076
To be distributed as follows:		
Legal Reserve	3 994 100	8 730 689
Shareholders' dividends	65 991 029	-
Emplyees' profits share	9 896 842	14 747 438
Retained earnings at the end of the year	-	132 726 949
Total	79 881 971	156 205 076

The accompanying notes from page (6) to page (57) are integral part of these financial statements and are to be read therewith.

Bank Audi sae

Statement of Changes In Equity
For the Year Ended 31 December 2010

	Note No.	Issued & Paid up Capital EGP	Reserves EGP	Accumulated Deficit / Retained Earnings EGP	Total EGP
Balances as of 31 December 2008 (as it issued)		1 123 437 365	(11 492 770)	(11 388 918)	1 100 555 677
Effect of change in accounting policies (after taxes)	(31A)	-	77 205 577	-	77 205 577
Balances as of 31 December 2008 (after adjustment)		1 123 437 365	65 712 807	(11 388 918)	1 177 761 254
Net Profit for the year ended 31 December 2009		-	-	107 150 552	107 150 552
Transferred to general risk reserves (after taxes)	(31B)	-	12 703 730	(15 879 663)	(3 175 933)
Net change in investments avilable for sale after taxes	(31D)	-	7 940 850	-	7 940 850
Net change in other fair value reserve	(31E)	-	(1 774)	-	(1 774)
Balances as of 31 December 2009		1 123 437 365	86 355 613	79 881 971	1 289 674 949
Dividinds paid for the year 2009	(31C&F)	-	3 994 100	(79 881 971)	(75 887 871)
Net Profit for the year ended 31 December 2010		-	-	174 613 775	174 613 775
Transferred to general risk reserves	(31B)	-	18 343 793	(18 343 793)	-
Net Change in investments avilable for sale after taxes	(31D)	-	9 104 236	-	9 104 236
Net Change in other fair value reserve	(31E)	-	(280 262)	-	(280 262)
Balances as of 31 December 2010		1 123 437 365	117 517 480	156 269 982	1 397 224 827

1- Background

Bank Audi sae provides retail, corporate and investment banking services in Arab Republic of Egypt and outside Egypt through 32 branches and served by 827 staff as of 31 December 2010. Bank Audi sae established according to the law no. 43 for year 1974 and its executive regulation in Arab Republic of Egypt, The head office is located in 6th of October city.

2- Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2-A Basis of preparation

The financial statements are prepared in accordance with Egyptian Accounting Standards issued 2006 and its amendments and in accordance with Central Bank of Egypt instructions approved by its Board of Directors on 16 December 2008 in addition to the historical cost convention basis, modified by the revaluation of the trading financial assets and liabilities, the financial assets and liabilities at fair value through profit or loss and the available for sale financial investments and all financial derivatives contracts.

These separate financial statements have been prepared according to the Egyptian laws and regulations.

The financial statements have been prepared until 31 December 2009 applying the Central Bank of Egypt regulations prevailing until that date which differ in some aspects from the new Egyptian Accounting Standards issued in 2006 and its related amendments. While preparing the financial statements for the year ended on 31 December 2010, the management changed some accounting policies, and measurement basis to be in conformity with the Central Bank of Egypt requirements for the preparation and presentation of the banks' financial statements and measurement and recognition basis as issued by Central Bank of Egypt's Board of Directors on 16 December 2008.

Central Bank of Egypt changes applicable for the financial periods starting on 1 January 2010

The bank's management applied Central Bank of Egypt regulations to the financial statements preparation, presentation, measurement and recognition basis as well as the Egyptian Accounting Standards applicable to banking activities. The comparative figures for the year ended 2009 have been amended to be in line with the new regulations and standards.

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

- The change in the disclosure requirements for the risk management objectives, policies and procedures and the capital risk management and other notes to the financial statements.

- The bank reassessed the residual value of the fixed assets to estimate its significant influence over the depreciable value, this didn't result in any substantial effects over the financial statements, starting from 2010, the bank identified the useful lives of new additions to fixed assets to the level of the significant components of the assets. The bank was not able analyze the components of fixed assets acquired before 2010 to the level of the significant components, since it was not the practice done by the bank on the acquisition date of these assets.

- The bank reassessed the functional currency for the external branches in the financial statements. It has been found that the functional currency is identical to the measurement currency for all branches of the bank.

- The bank has defined the related parties in accordance with the amended requirements and added new disclosures to the related party transactions disclosure.

- The bank has reassessed the useful lives of the intangible assets, and no adjustments needed.

- The bank has studied all tax differences resulting from the deferred tax liabilities and has recognized them retroactively. For deferred tax assets and retained tax losses, they have been recognized to the extent that future economic benefits may arise from them. Shows the note (29) the impact of the recognition of differences in the tax numbers comparison.

- The financial assets and liabilities outstanding as of 1 January 2009 were reclassified in categories to determine their values as illustrated in note no. 2-E. Note number (31) shows the impact of that change on the item of owner equity and available for sale investments which were previously measured at cost adjusted rate differentials in exchange rates or fair value whichever is less with the incurred of the decline in value of the income statement.

- As a result of the application instructions and the new criteria to recognize all financial derivatives in the first of January 2009 in the financial statements, as separate financial derivatives implicit in the history of recognition in the financial statements was the measurement of all financial derivatives at fair value. As for the hedging operations, the hedge accounting was applied on the operations applicable for the hedge accounting as of 1 January 2009 or later since the date of applying the conditions of the hedge accounting over them and that's also for the hedge operations the bank used before issuing the Central Bank of Egypt regulations and the new Egyptian standards which the bank applied the hedge accounting over it without being qualified for the conditions of the hedge accounting over it, the bank started to apply the hedge accounting cancellation rules over them starting from 1 January 2009.

- The bank has changed the method of measurement of impairment loss for loans, advances, and other debt instruments measured at the amortized cost. Consequently this resulted in cancellation of the general provision of loans and advances, and instead, the bank formed collective impairment provisions for group of assets carrying similar credit risk and characteristic or individual provision instead of forming general provision for the loans and advances. As a result of changing the way of provision provided increase the specified provision, which were configured for specific items by amount of EGP 77 205 577 (after taxes).

  The total increase in the outstanding provision in the 1st of January 2009 had retained to special reserve in owner's equity according to the new way. Note "31-a" shows the impact of changing that policy on the owners' equity and the other items exposed to the credit risk.

- When the effective interest rate determined for applying the amortized cost method to calculate the income and the cost of the return on debt instruments, in commissions and fees associated with the acquisition or issuance of debt instruments and added to/ deducted from the value of the acquisition / release as part of the cost of treatment.

- There were no differences in the previous year financial statements because of applying that accounting policy by the bank.

- The bank has studied the assets reverted to the bank in settlement of some customers' debts classification to ensure the correctness of its classification under non-current assets held for sale under other assets caption. There is no reclassification has been made. The values of these assets are the same.

- The bank has applied the intangible assets impairment testing rules starting from 1 January 2010, there was no impairment during this year.

2-B Subsidiaries and Associates

2-B/1 Subsidiary firms

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

2-B/2 Associate firms

Associates are all companies over which the bank has owned directly or indirectly a major influence, but it doesn't control them, generally the bank owns between 20% and 50% of the potential voting rights.

The purchase method is used to account for the acquisition of subsidiaries by the bank. The cost of an acquisition is measured as the fair value of the assets, or/and asset given or/and equity instruments issued and loans assumed at the date of exchange, plus costs directly attributable to the acquisition. Net assets including contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the minority interest. The excess of acquisition cost over the bank's share fair value in the net assets acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets, the difference is recognized directly in the income statement under the item "Other operating income/ (expenses)".

Accounting for subsidiaries and subsidiaries in the separate financial statements is recorded by using cost method. According to this method, investments recorded at cost of acquisition including goodwill if any and deducting impairment losses. Dividends are recorded in the income statement when adoption of the distribution has been occurred and affirming the bank's right in collecting them has been recognized.
The bank has no investments in subsidiaries and associates as of 31 December 2010.

2-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 a segment by which, provide 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.
The bank has no geographical segments operating in other economic environment as of 31 December 2010.

2-D Foreign currency translation

2- D/1 Functional and presentation currency

The items included among the financial statements of the foreign branches of the bank are measured using the currency of the main economic environment that the foreign branch performing its activity (functional currency).
The financial statements are presented in Egyptian pound, which is the bank's functional and presentation currency.

2- D/2 Transactions and balances in foreign currencies

The bank maintains its accounting records in Egyptian pound. Foreign currency transactions are translated into Egyptian pound using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated at the end of each year at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement of such transactions and valuation differences are recognized in the income statement under the following items:

- Net trading income or net income, if resulting from financial instruments designated as at fair value through profit or loss at initial recognition, for financial assets/liabilities held for trading or designated as at fair value through profit or loss at initial recognition.
- Owner's equity of the financial derivatives in the form of eligible coverage for cash flows or net investment.
- Other operating income (expenses) for the other items.

Changes in the fair value of monetary financial instruments in foreign currencies classified as investments available for sale (debt instruments) are classified as valuation differences resulting from changes in amortized cost of the instrument and differences resulted from changes in applicable exchange rates and differences resulted from changes in the instrument fair value. Valuation differences relating to changes in amortized cost are recognized in income statement under "Interest and similar income" while differences relating to changes in exchange rates are recognized under item "other operating income (expenses)". Differences resulting from changes in fair value are recognized under "fair value reserve – available for sale investments" in the equity caption.

Valuation differences resulting from non-monetary items include profits and losses resulting from changes in fair value such as equity instruments held at fair value through profits and losses, while valuation differences resulting from equity instruments classified as financial investments available for sale are recognized as "fair value reserve- available for sale investments" under the equity caption.

2-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 financial investments; and available-for-sale financial investments. Management determines the classification of its investments at initial recognition.

2-E/1 Financial assets at fair value through profit or loss

This category consists of financial assets held for trading and financial assets designated at fair value through profit or loss at inception.

Financial assets are classified as held for trading if they are acquired or incurred principally for the purpose of selling in the near term or if is part financial instruments portfolio that are managed together and there is evidence resulted from recent actual transaction that profit can be recognized. Financial derivatives can be classified as held for trading unless they are identified as hedging instruments.

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

- Doing so significantly reduces measurement inconstancies that would arise if the related financial 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 issued debt securities.
- Equity investments that are managed and evaluated at the fair value basis in accordance with a risk management or investment strategy and preparing reports to top management on that basis are classified as fair value through profit and loss.
- Financial instruments such as debt instrument which contain one or more embedded financial derivatives which may significantly affect the cash flows are classified at fair value through profit and loss.

Gains and losses arising from changes in the fair value of financial derivatives that are managed in conjunction with designated financial assets or financial liabilities are recorded in the "net income from financial instruments classified at fair value though profit and loss"

It is not permitted to reclassify any derivative out of the financial instrument valued at fair value through profit or loss category during its holding period. Also, it is not permitted to reclassify any financial instrument valued at fair value through profit or loss category if it is initially recorded by the bank at fair value through profit or loss.

As for the financial assets held for trading, reclassified during the periods starting from January 2009, the reclassification is performed based upon the fair value at the date of reclassification.

- In all cases the bank should not reclassify any financial instrument into financial instrument measured at fair value through profit or loss or to held for trading investments.

2-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 are classified as held for trading, or those that the bank upon initial recognition recorded as 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.

2-E/3 Financial investments held to maturity

Held to maturity financial investments are non-derivative assets which carry fixed or determinable payments and where the bank has the intention and the ability to hold to maturity. Any sale of a significant amount, not close to the date of its maturity, would result in the reclassification of all held to maturity investments as available for sale except in the emergency cases.

2-E/4 Financial investments available for sale

Available for sale financial investments are non-derivatives financial assets that are intended to be held for unspecified period and may be sold to provide liquidity or due to changes in shares prices, foreign exchange currencies, or interest rate.

The following applies to financial assets:

Purchases or sales of financial assets at fair value through profit and loss, held to maturity financial investments, and available for sale financial investments are recognized at the trade date which is the date the bank is committed to purchase or sell the financial asset.

Financial assets that are not classified at fair value through profit and loss at initial recognition are recognized at fair value plus transaction cost, while the financial assets classified as at fair value through profit and loss are initially recognized at fair value only and the transaction cost is recognized in the profit and loss under "net trading income"

Financial assets are derecognized when the rights to receive cash flows have expired or when the bank transfer all asset risks and rewards to another party, while a financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Available for sale financial investments and financial assets designated at fair value through profit and loss are subsequently measured at fair value. While loans and advances and held to maturity investments are measured subsequently at amortized cost.

Gains and losses arising from changes in fair value of financial assets designated at fair value through profit and loss are recorded in income statement during the period it occurred. Gains and losses arising from changes in fair value of available for sale financial investments are recognized in "fair value reserve for available for sale investments" in equity until the financial asset is sold, or impaired at which time, the cumulative gain or loss previously recognized in equity should be recognized in profit or loss. Interest income related to monetary assets classified as available for sale is recognized based on the amortized cost method in profit and loss. The foreign currency revaluation differences related to available for sale investments are recognized in the profit and loss. Dividends related to available for sale equity instruments are recognized in the profit and loss when they are declared.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, 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 subject to impairment test. Debt instruments can be reclassified from the available for sale investments to "loans and receivables" or" financial assets held to maturity" using fair value – in certain circumstances - when the bank has the intention and ability to hold the instrument on the future or till maturity. Reclassifications are recorded at fair value at the date of reclassification. Any related profits or losses that have been previously recognized in equity are treated as follows:

1. Financial assets with fixed or determinable payments and fixed maturity valued at amortized cost, using the effective interest method. The difference between the amortized cost using the effective interest method and the repayment value is amortized using the effective interest rate method. In case of financial asset's impairment any profits or losses previously recognized in equity is recognized in profit and loss.

2. Profits and losses related to the financial assets without fixed or determinable maturity are recorded in equity till selling or disposing it. In case of impairment, profit and losses that have been previously recognized directly in equity is recognized in the profit and loss.

If the bank changes its estimates regarding payments or proceeds, the book value of a financial asset (or group of financial assets) has to be adjusted to reflect the actual cash inflows and the change in this estimate through calculating the present value of estimated future cash flows using the effective interest rate for the financial instrument. This adjustment is recognized as either income or expense in the profit and loss.

In all cases, if the bank re-classified financial asset in accordance with what is referred to above and the bank subsequently increase its future cash proceeds estimates resulted from an increase in the recoverable amount from its cash receipts, this increase is recognized as an adjustment to the effective interest rate not as an adjustment in the book value of the asset at the date of change in estimate.

2-F Netting between financial instruments

Financial assets and liabilities are offset 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.
Treasury bills, Repos and reverse Repos agreements are netted on the balance sheet and disclosed under treasury bills and other governmental notes.

2-G Financial derivative instruments and hedge accounting

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

Embedded derivatives in a hybrid contract, such as the conversion option in a convertible bond, are treated as separate derivatives when they meet the definition criteria of a standalone derivative, their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement as part of "net trading income". Embedded derivatives are not split if the bank chooses to designate the entire hybrid contact as at fair value through profit or loss. The treatment of change in fair value gain or loss depends on whether the derivative is designated as a hedging instrument. According to the hedged item, the bank designates certain financial derivatives as either of the following:

- Hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge).

- Hedges of the expected future cash flow related to an asset or liability or to an expected transaction (cash flow hedge).
- Hedges of the net investment in foreign transactions. (net investment hedge).

Hedge accounting is used for financial derivatives designated when certain criteria are met.
The bank performs the documentation between the hedged items and the hedging instruments, at the inception of the transaction, as well as its risk management objectives and strategy for undertaking various hedge transactions. The bank also documents its assessment, both at hedge inception and on an ongoing basis, of whether the financial derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

2-G/1 Fair value hedging

Changes in the fair value of financial derivatives that are designated as hedging instrument and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Effective changes in fair value of interest rate swaps and related hedged items are reflected in 'net interest income' and effective changes in fair value of currency future contracts are reflected in 'net trading income'.
Any ineffective changes in contacts and related hedged items mentioned in the previous paragraph are recorded in 'net trading income'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity. The adjustments made to the covered equity instrument are included among the owners' equity until they are disposed.

2-G/2 Cash flow hedging

For designated and qualifying cash flow hedges, the effective portion of the fair value of the hedging instrument is initially recognized directly in equity. The ineffective portion of the gain or loss on the hedging instrument is recognized immediately in 'net trading income'.

When the hedged cash flow affects the income statement, the gain or loss on the hedging instrument cumulated in the equity is recorded in the corresponding income or expense line of the income statement, The effective portion of the gain or loss on the forward exchange swap and options is recognized immediately in 'net trading income'.

When a hedging instrument expires, or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the owners' equity at that time remains in the owners' equity and is recognized when the hedged forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in the equity is immediately transferred to the income statement.

2-G/3 Hedge of net investments

Hedges of net investments are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in the owners' equity while any gains or losses relating to the ineffective portion are recognized in the income. On disposal of the foreign operation, the cumulative value of any such gains or losses recognized in the owners' equity is transferred to the income statement.

2-G/4 Financial derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the income statement under net trading income. However, gains and losses arising from changes in the fair value of financial derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in "net income from financial instruments designated at fair value through profit or loss" in income statement under "net trading income".

2-H Day 1' profit or loss recognition

The fair value for financial instruments traded in active markets at the date of transaction is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions). However, if it is inferred on the same date over the fair value of the instrument based on transaction prices in the published markets or by using valuation models. When the bank enters into transactions matures after long periods, the fair value is determined by using valuation models and may not all of its inputs are market prices or published markets rates and the initial recognition of these financial instruments at the transaction price, which is the best indicator of fair value, although the value that is obtained from the valuation model may be different, no immediate recognition of profit or loss from the difference between the transaction price and the amount of the output of the model, which is known as "Day 1 profit and loss" and is included in other assets in case of loss or other obligations in the case of profit.

The deferred profit or loss recognition is determined case by case, either by amortizing over transaction life time or by until be able to determine the fair value of the tool using the declared markets inputs, or recognizing it at the transaction settlement, the instrument is measured subsequently and the bank immediately recognizes the difference between the transaction price and fair value in the income statement.

2-I 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 rate method.

The effective interest rate 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:

- When collected and after recovery of all arrears for retail loans, personal loans, small and medium business loans., real estate loans for personal housing and small loans for businesses.
- For loans granted to corporate, interest income is recognized on cash basis after the bank collects 25 % of the scheduling installments and after the installments continued to be regular for at least one year. In case the client is continuing in performing the payment, the calculated interest is added to the loan's balance without the marginal interest not included in the income until after paying the loan's balance in the balance sheet before the reschedule.

2-J Fees and commission income

Fees and commissions related to loan and advances are recognized as income when the service is rendered. Fees and commission income related to non-performing or impaired loans or debts are suspended and are carried off balance sheet and are recognized under income according to the cash basis when interest income is recognized in accordance with note (2 –I) above. Fees and commissions which represent part of the financial asset effective rate is recognized as adjustment to the effective interest rate. Commitment fees are recognized as revenue when there is probability that this loan will be used by the customer, as commitment fees represent compensation for the continuing interference to own the financial asset. Subsequently its recognized as adjustments to the effective interest rate of the loan. If the commitment period passed without issuing the loan, commitment fees is recognized as income at the end of the commitment period.

Fees and commission related to equity debts measured by fair value is recognized as income at initial recognition. Fees and commission related to marketing of syndicated loans is recognized as income when the marketing is completed and the loan is fully used or the bank kept its share of the loan using the effective interest rate as used by the other participants.

Fees and commission arising from negotiation, or participating in a negotiation to the favor of a third party as in share acquisition arrangements or purchase of securities or purchase or sale of businesses are recognized as income when the transaction is completed. Commission and fees related to management advisory and other services are recognized as income based on the contract terms, usually on a time-appropriation basis. Asset management fees are recognized over the period in which the service is provided.

2-K Dividend income

Dividends are recognized in the profit and loss when the bank's right to receive those dividends is established.

2-L Purchase and resale agreements, sale and repurchase agreements

The financial instruments sold, by virtue of repurchase agreements, are shown under the assets by being added to the balance of treasury bills and other government notes in the balance sheet, while the liability (purchase and resale agreement) is shown in the balance sheet as being deducted from treasury bills and other government notes in the balance sheet. The difference between the sale price and repurchase price is recognized as a return due throughout the period of agreements, using the effective interest rate method.

2-M Impairment of financial assets

2-M/1 Financial assets at amortized cost

At each balance sheet date, the bank assesses whether there is objective evidence that any financial asset or group of financial assets has been impaired as a result of one or more events occurring since they were initially recognized (a "loss event") and whether that loss event has impacted the future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The bank considers the following indicators to determine the existence of substantive evidence for impairment losses:

- Great financial troubles facing the borrower or debtor.
- Breach of the loan agreement, e.g. default.
- Expected bankruptcy of borrower or subject to liquidation lawsuit or re-structuring the finance granted to it.
- Deterioration of competitive position of borrower.
- Granting privileges or assignments by the bank to the borrower, due to economic or legal reasons, which are not granted by the bank in the normal course of business.
- Impairment of guarantee.
- Deterioration of creditworthiness.

A substantive proof 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, for example, the increase in failure payment cases for one of the bank products. The bank estimates the period between identifying the loss event and its occurrence ranges from three to twelve months. The bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant taking into consideration the following:

- In case there is no objective evidence that an impairment loss has been incurred on a financial instrument considered individually, be it significant or not, the bank includes that financial asset in a group of financial assets having similar characteristics in terms of credit risk and tests the whole group for impairment.
- A separate impairment test is made for a financial asset if there is objective evidence that this asset is impaired. If the impairment occurred then this asset will be separated from group of financial assets that are collectively evaluated for impairment.
- If the result of the previously test did not recognized impairment loss, then this asset will be added to the group.

Impairment loss is calculated by the difference between the carrying amount and the present value of estimated future recoverable cash flows, excluding future expected credit loss not charged yet, discounted at the financial assets' original effective interest rate. This impairment is booked in the income statement as "impairment loss" and the book value of the financial asset is reduced by the impairment amount using "impairment loss provision".

If there is evidence that loan or investment held to maturity carry variable rate, the discount rate will be the contract effective interest rate when there is objective evidence that an impairment loss has been incurred. For practical purposes, the bank may measure the impairment loss using the fair value of the instrument through its market rate for guaranteed financial assets present value for expected futures cash flow has to be considered in addition to the proceeds from sale of guarantee after deducting selling cost.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics according to the bank classification taking into consideration type of asset, industry, geographical location, collateral, past-dues and other relevant factors. Those characteristics are relevant to the estimation of future cash flows for those groups of assets as they are indicators of the debtors' ability to pay all amounts due according to its contract terms for assets under study.

If historical impairment losses rates method is used for a group of financial assets that are collectively evaluated for impairment, future contractual cash flow will be used by the bank in future and the historical loss for a group of assets with similar credit risk characteristics are considered. Historical impairment loss rates are adjusted to reflect the effects of current circumstances that did not affect the period on which the historical impairment loss rates is based and to remove the effects of circumstances in the historical period that are not currently exist.

The bank has to ensure that the estimates of changes in future cash flows for groups of assets are in consistence with changes in relative data from period to period, such as , changes in unemployment rates, real estate prices, settlement status, or other factors that may affect the probability and magnitude of losses. The bank reviews the basis and methods of estimation regularly.

2-M/2 Available for sale financial investments

At each balance sheet date, the bank estimates if there is objective evidence that impairment loss for an asset or a group of assets classified as available-for-sale or held to maturity is occurred. For listed equity instruments classified as available for sale investments, impairment is recognized if it's significant and a prolonged decline its price below its 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 extends for a period of more than 12 months. When a decline in the fair value of an available for sale financial asset has been recognized directly in equity under fair value reserve and subsequent objective evidence of impairment emerges, the bank recognizes the total accumulated loss previously recognized equity will be recognized in profit and loss. Impairment losses recognized on equity instruments on income statement are not subsequently reversed. Impairment losses recognized through income statement on debt instruments classified as available for sale are reversed through income statement if the price subsequently increased and this increase can be objectively related to an event occurring after the recognition of impairment loss in income statement.

2-N Investment property

Investment property represents land and buildings owned by the bank and used to earn rental income or increase capital. Investment property doesn't include properties used by the bank during its normal course of operation or foreclosed assets. The accounting policy for investment property is the same as for fixed assets.

2-O Intangible assets

2-O/1 Software

The expenses, related to upgrading or maintenance of computer programs, are to be recognized as expenses in income statement, when incurred. The expenses connected directly with specific software and which are subject 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 staff cost of 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 specifications 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 three years.

2-O/2 Other intangible assets

They represent the intangible assets other than the goodwill and the computer programs (such as, trademarks, patents and rental contracts returns).

The other intangible assets are recognized at its acquisition cost and amortized using the straight line method or according to the economic benefits expected to be gained by them over their usual lives. As for the assets with no determined useful lives, they are not to be amortized, but to be tested annually to determine whether there is impairment in its value. If there's impairment, it is charged to the income statement.

2-P Fixed assets

They represent land and buildings related to head office, branches and offices, and all fixed assets are reported at historical cost minus depreciation and impairment losses. The historical cost includes the charges directly related to acquisition of fixed assets 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. Maintenance and repair 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 and constructions	40 - 50 years
Leasehold improvements	10 years or over the period of the lease if less

Office furniture and safes	4 - 20 years
Typewriters, calculators and air conditions	4 - 5 years
Motor vehicles	5 - 7 years
Computers/core systems	4 - 5 years
Fixtures and fittings	5 - 10 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 or value in use.
Gains and losses on disposals are determined by comparing proceeds with asset carrying amount. These gains and (losses) are included in other operating income (expenses) in the income statement.

2-Q Impairment of non-financial assets

Assets having no fixed useful life except for goodwill shall not be amortized, and their impairment shall be tested at least annually. The impairment of amortized assets is studied to determine if there are events or changes in the circumstances indicating that the book value may not be recoverable.

The impairment loss is recognized by the excess amount of book value over the realizable value. The recoverable value represents net realizable value of the asset or the usage amount whichever is higher. For the purpose of estimating the impairment, the asset is grouped with the smallest cash generating unit. At each balance sheet date, non-financial assets with impairment has to be reviewed to determine if there is impairment reversal made to the income statement.

2-R Leases

The accounting treatment for the finance lease is in accordance with law 95 of year 1995, if the contract entitles the lessee to purchase the asset at a specified date and amount, and the contract term is more than 75% of the asset expected useful life, or the current value of the total lease payments represents at least 90% of the value of the asset then this lease is considered finance lease. Other than that the lease has to be considered operating lease.

2-R/1 Leasing

Finance lease contracts recognize rent as expense in the period it occurred in profit and loss, including maintenance cost related to the leased assets. If the bank decides to exercise the rights to purchase the leased assets, the cost of this right will be capitalized over the fixed asset and depreciated over the assets' expected remaining useful life in accordance with similar assets.

Operating lease payments less any discounts granted to lessee is recognized as expenses in the income statement using the straight line method over the contract term.

2-R/2 Leasing out

For assets leased financially, assets are recorded in the fixed assets in the Budget and amortized over the expected useful life of this asset in the same manner as similar assets. Lease income is recognized on the basis of rate of return on the lease in addition to an amount corresponding to the cost of depreciation for the period. The difference between the recognized rental income and the total finance lease clients' accounts is transferred to the budget in the income statement until the expiration of the lease where it is used to offset with a net book value of the leased asset. Maintenance and insurance expenses are loaded on the income statement when incurred to the extent they are not charged to the tenant.

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

Operating lease assets are accounted for at the fixed assets caption in the balance sheet and depreciated over the asset expected useful life using the same method applicable to similar assets. The lease rent income less any discount granted to the lessee will be recognized in the profit and loss using the straight line method over the contract term.

2-S Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents include balances due within three months from date of acquisition, cash and balances due from the Central Bank of Egypt other than the mandatory reserve, and current accounts at banks, treasury bills, and other governmental notes.

2-T 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 is required to settle an obligation is determine taking into consideration the group of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.

Provisions no longer required are reversed in other operating income (expense). Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from financial statement date using the appropriate rate in accordance with the terms of settlement ignoring the tax effect which reflects the time value of money. If the settlement term is less than one year the provision is booked using the present value unless time consideration has a significant effect.

2-U Financial guarantees contracts

The financial guarantees contracts are contracts issued by the bank as security for loans or overdrafts due from its customers to other entities, which require the bank to make certain payments to compensate the beneficiary for a loss incurred due to default of the debtor on maturity date and in accordance with debt instrument conditions. These financial guarantees are given to the banks, corporations and other entities on behalf of the bank's customers.

It's initially recognized at fair value including guarantee fees at the date of granting. Subsequently, the bank's obligation shall be measured by the value initially recognized less guarantee fees amortization which is recognized in the income statement on a straight line basis over the higher of the guarantee life term or over the best payment estimates required to settle the financial obligation resulted from the financial guarantee at the balance sheet date. These estimates are mainly based on management experience with similar transactions and historical losses.

Any increase in the obligations resulted from the financial guarantee, is recognized in "other operating income (expenses)" caption.

2-V/ Employees benefits

2-V/1 Retirement benefits obligations

The bank manages a variety of retirement benefit plans are often funded through determined payments on the basis of periodical actuarial calculations and paid to insurance companies and other specialized funds. The bank has a defined benefit and defined contribution plans.

Defined Benefit plans: These are retirement rules, which specify the amount of the retirement benefits that the employee will grant by the end of the period of service. This benefit normally depends on one factor or more such as age, years of services and income.

The recognized liability in the balance sheet with regards to defined benefit plans is represented in the present value of the defined benefits liabilities at the balance sheet's date after deducting the fair value of the retirement plans' assets and debiting (crediting) unrealized actuarial reconciliations of profits (losses) as well as the cost of additional benefits related to prior service terms.

The liability of the defined benefit plans (future cash flows expected to be paid) is calculated annually by an independent actuary who applies the Projected Unit Credit Method. The present value of the identified plans liability is determined through deducting these expected future cash flows to be paid by applying the rate of return of high quality corporate bonds or the rate of return of government bonds in the same currency to be used in payment of benefits and which have almost the same maturity period as the retirement benefits obligations related to them.

Calculated gains (losses) resulting from changes and adjustments in actuarial estimates and assumptions and the profits are to be deducted (the losses added) the income statement if they do not exceed 10% of the plan assets value or 10% of the defined benefits' liability whichever is higher. In case gains (losses) rise above mentioned percentage then the increase shall be deducted (added) in the income statements over the average of the remaining years of service.

Past service costs are immediately recognized in the income statement within administrative expenses unless the introduced changes on the retirements' plans are conditional on the remaining of employees in service for a specified period of time (vesting period). In such case, the past service costs is to be amortized by the straight-line method over the vesting period. Defined Contributions' Plans: These are pension scheme to which the banks pays fixed contributions to a independent entity while there is no legal or constrictive commitment on the bank to pay further contributions if the entity has not established sufficient assets to pay all the employees' benefits related to their service whether in current or previous periods.

As regarding the defined contribution plans the bank pays contributions to the retirement's insurance regulations in the public and private sectors on a contractual basis either mandatory or voluntary and the bank has no further obligations following payment of contributions. These contributions are recognized within the employees' benefits expenses when maturing (vesting). Paid contributions are recognized in advance within assets to the extent where the advance payment reduces future payments or cash refund.

2-V/2 Liabilities of other post-service's benefits

The bank extends health care benefits to retirees after the end of service term. Usually such benefits are conditional on the stay of the employee in the service until retirement age and the completion of a minimum period of service. The expected costs of these benefits are to be matured (vested) over the period of employment by adopting an accounting method similar to the method adopted in the defined benefit plans previously explained in item 2-V/1.

2-X Income tax

The income taxes on the year's profits or losses include the tax of the current year and the deferred tax and they are recognized in the income statement with the exception of the income tax on the items of shareholder's equity which is directly recognized within equity.

The income tax is recognized on the basis of the net profit subject to tax through the application of enacted tax rates at the date of preparing the balance sheet in addition to the tax adjustments related to previous years.

Deferred taxes are recognized from temporary timing differences between the book value of assets and liabilities according to accounting bases and their values according to tax bases. Deferred tax assets and liabilities are measured at the tax rates that expected to apply in the period in which the ability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax assets are recognized when there is likelihood to achieve taxable profits in the future through which this asset can be utilized. The value of deferred tax assets is reduced by the portion which will not realize the expected taxable benefit in the coming years, in case of the increase in expected taxable benefits the deferred tax assets should be increased within the limit of previous reduction.

2-Y Borrowing

Loans obtained by the bank are recognized at inception at fair value less the cost of obtaining the loan. Subsequently the loans are measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing period using the effective interest rate is to be recognized to the income statement.

The fair value of the portion which represents a liability regarding, bonds convertible into shares is to be defined by applying the market equivalent rate of return of non- convertible bonds. This liability is recognized by the amortized cost method until conversion or maturity of bonds. The remaining proceeds are to be charged to the conversion option included within shareholders' equity in net value after deduction of the income tax effect.

The preferred shares which either carry mandatory coupons, redeemed at a defined date or according to the shareholders' option are to be included within the financial liabilities and to be presented within the item of "Other loans". The dividends of these preferred shares are recognized in the income statement under "Interest expense on deposits and similar charges" item, using the amortized cost method and by using the effective rate of return.

2-Z Capital

2-Z/1 Cost of capital

Issuance cost directly related to issuing new shares or issuing shares related to acquisition or share options is charged to shareholders' equity of total proceeds net of tax.

2-Z/2 Dividends

Dividends are charged when declared by the General Assembly of shareholders. Those dividends include employees' share in the profits and the Board of Directors' remuneration as prescribed by the articles of association and law.

2-Z/3 Treasury shares

When the bank purchases capital shares, the amount paid is deducted from the total shareholders' equity representing the cost of the treasury shares until they are cancelled. In case these shares are sold or reissued in a subsequent period, the amounts collected are added to the shareholders' equity.

2-AA Amanah activities

The bank practices the Amanah activities that result in ownership or management of assets on behalf of individuals, trusts, and retirement benefit plans. These assets and related income are excluded from the bank's financial statements, as they are assets not owned by the bank.

2- AB 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, as a result of the activities it exercises, is exposed to various financial risks. Since the basis of financial activity is to accept risks; some risks or group of risks are analyzed, evaluated and managed together. The bank intends to strike a balance between the risk and return and to reduce the probable adverse effects on the bank's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency exchange rates, interest rate risk and other pricing risks.

The risk management policies have been laid down to determine and analyze the risks, set limits to the risk and control them through reliable methods and updated systems. The bank regularly reviews the risk management policies and systems and amend them to they reflect the changes in market, products and services and the best updated applications.

Those risks are managed by risk department in the light of policies approved by Board of Directors. The risk department determines, evaluates and covers the financial risks, in collaboration with the bank's various operating units, and the Board of Directors provides written policies for management of risks as a whole, in addition to written policies covering specific risk areas, like credit risk, foreign exchange rate risk, interest rate risk, and using the financial derivative and non–derivative instruments. Moreover, the risk department is independently responsible for periodical review of risk management and control environment.

3-A Credit risk

The bank is exposed to the credit risk which is the risk resulting from failure of one party to meet its contractual obligations towards the bank. The credit risk is considered to be the most significant risks for the bank. The bank set specific procedures to manage that risk. The credit risk is in the lending and investments activities which are represented bank's assets contain debt instruments. The credit risk is also found in off balance sheet financial instruments, like loan commitment. The managing and monitoring process on credit risk is centralized at credit risk team management at credit risk department that prepare reports to Board of Directors and Head units on regular basis.

3-A/1 Credit risk measurement

Loans and advances to banks and customers

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').

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

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

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

The amount of default represent the outstanding balances at the time when a late settlement occurred for example the loans expected amount of default represent its book value. For commitments, the default amount represents all actual withdrawals in addition to any withdrawals occurred till the date of the late payment if any.
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 instruments, treasury bills and other bills

For debt securities and other bills, external rating such as Standard and 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.

3-A/2 Limiting and preventing risks 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 borrower / group, product, industry sector and by country are approved quarterly by the Board of Directors.

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

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.
The following are other controls used by the bank to limit the credit risk:

Collaterals
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 as machines and goods.
• 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 notes are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

Derivatives

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

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

Master netting arrangements

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

Credit-related commitments

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

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

3-A/3 Impairment and provisioning policies

The internal rating systems described in note (3-A/1) focus more on credit-quality at the inception of lending and investment activities. Otherwise, impairment provisions recognized at the balance sheet date for financial reporting purposes are losses that have been incurred and based on objective evidence of impairment as will be mentioned below. Due to the different methodologies applied, the amounts of incurred credit losses charged to the financial statements are usually lower than the expected amount determined by the expected loss models used at 31 December 2010 for Central Bank of Egypt's regulations (note 3-A/4).

The impairment provision appeared in the balance sheet at the end of the period is derived from the four internal rating grades. However, the majority of the impairment provision comes from the last two ratings. The table below shows the percentage of in-balance sheet items relating to loans and advances and the related impairment provision for each rating:

Bank's rating	31 December 2009		31 December 2010	
No	Loans and advances	Impairment provision	Loans and advances	Impairment provision
Performing loans	46%	31%	43%	10%
Regular watching	46%	31%	53%	8%
Watch list	4%	2%	2%	1%
Non-performing loans	4%	36%	2%	81%
	100%	100%	100%	100%

The bank's internal rating assists management to determine whether objective evidence of impairment exists under Egyptian Accounting Standard no. 26, based on the following criteria set out by the bank:
-Great financial troubles facing the borrower or debtor.
-Breach of the loan agreement, e.g. default.
-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 privileges 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 policies require review of all financial assets (that exceed specific materiality) at least once a year or more when required, the impairment loss is determined on individual basis by determining case by case actual losses. These policies applied on all accounts have specific materiality on individual basis. Valuation usually includes the existing collateral, the related enforcements on these collaterals and the expected collections from those accounts.

Impairment loss provision is formed based on group of similar assets using the historical experience available, personal judgment and statistical methods.

3-A/4 General model to measure banking general risk

In addition to the four categories of credit rating indicated in note (3-A/1), the management makes more detailed groups in accordance with the Central Bank of Egypt requirements. Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on information related to the customer, it's activity, financial position and payment schedules.
The bank calculates the provisions required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by Central Bank of Egypt. In case, the provision required for impairment losses as per Central Bank of Egypt regulations exceeds the provision required for financial statements preparation purposes according to

the Egyptian Accounting Standards, this increase shall be debited from the retained earnings to and credited to the "general banking risk reserve" under the equity caption. This reserve is regularly adjusted with this increase and decrease, to equal the amount of increase in the two provisions. This reserve is not distributable. note (31-B) shows the "general banking risk reserve" movement during the financial period.

Below is a statement of credit rating for firms as per internal valuation basis compared to Central Bank of Egypt valuation basis and the percentages of provisions required for impairment of assets exposed to credit risk.

Internal Description	Internal Rating	Required Provision %	Description	CBE rating
Good debts	1	0	Low risk	1
Good debts	1	1%	Moderate risks	2
Good debts	1	1%	Satisfactory risks	3
Good debts	1	2%	Appropriate risks	4
Good debts	1	2%	Acceptable risks	5
Regular Follow-up	2	3%	Marginally acceptable risks	6
Special Follow-up	3	5%	Risk needs special care	7
Non-performing loans	4	20%	Substandard	8
Non-performing loans	4	50%	Doubtful debts	9
Non-performing loans	4	100%	Bad debts	10

3-A/5 Maximum limits for credit risk before collaterals

	31 December 2009 EGP	31 December 2010 EGP
Balance sheet items exposed to credit risks		
Treasury bills and other governmental notes	768 470 136	1 880 770 541
Loans and advances to customers		
Retail loans (net):		
- Credit cards	42 339 452	92 809 915
- Personal loans	814 981 140	1 074 040 392
Corporate loans (net):		
- Debit current accounts	1 587 149 010	2 967 996 172
- Direct loans	1 417 168 611	1 443 550 222
- Syndicated loans	925 578 739	1 336 879 563
- Other loans	91 202 877	195 348 252
- Loans to banks	11 514 481	92 256 749
Financial investments:		
- Debt instrument	473 641 092	553 055 653
Total	6 132 045 538	9 636 707 459
Off-balance sheet items exposed to credit risk*		
Loan commitments and other irrevocable commitments related to credit	362 645 000	418 984 517
Letters of credit- import	370 529 276	247 408 723
Letters of guarantee	1 495 413 267	1 502 990 450
Accepted papers for suppliers facilities	79 237 370	93 010 198
Total	2 307 824 913	2 262 393 888

*Note (33-C)

- The above table represents the maximum limit for credit risk as of 31 December 2010 and 31 December 2009, without taking into considerations any collateral. For on-balance-sheet items, amounts stated depend on net carrying amounts shown in the balance sheet.

As shown in the preceding table, 75% of the total maximum limit exposed to credit risk resulted from loans and advances to customers against 80% at end of the comparative year while investment in debt securities represents 6% against 8 % at end of the comparative year.

The management is confident of its ability to maintain control on an ongoing basis and maintain the minimum credit risk resulting from loan and advances, and debt instruments as follows:

- 95% of the loans and advances portfolio is classified at the highest two ratings in the internal rating against 92% at end of the comparative year.
- 87% of the loans and advances portfolio having no past due or impairment indicators against 91% at end of the comparative year.

- Loans and advances that have been evaluated on an individual basis of total amount EGP 331 565 175 against EGP 253 435 810

at the end of comparative year, there is an impairment less than 20% against 27% at the end of comparative year.

- As a result, the impairment loss charged to the profit and loss by the amount of EGP 9 031 206 against EGP 14 783 392 at the end of comparative year.
- The bank has applied more strict granting operations when granting loans and advances during the financial year ended as of 31 December 2010.
- Investments in debt instruments and treasury bills contain more than 96% against 99% at the end of comparative year due from the Egyptian Government.

3-A/6 Loans and advances

Loans and advances are summarized according to the credit worthiness as follows:

	31 December 2009 Loans and advances to customers EGP	31 December 2010 Loans and advances to customers EGP
Neither having past dues or impairment	4 554 214 332	6 278 576 671
Having past due but not subject to impairment	190 048 605	625 764 075
Subject to impairment	253 435 810	331 565 175
Total	4 997 698 747	7 235 905 921
Less: Impairment loss provision	(119 278 918)	(125 281 405)
Net	4 878 419 829	7 110 624 516

- The bank's total impairment loss for loans and advances amounted to EGP 125 281 405 against to EGP 119 278 918 at comparative year of which EGP 66 092 345 against EGP 74 526 007 at comparative year representing impairment of individual loans and the remaining amounting to EGP 63 476 949 representing impairment loss for the credit portfolio as a group. Note (18) includes additional information regarding impairment loss on loans and advances to customers.
- The bank's portfolio increased by 45% during the period in comparison with the financial year ended as at 31 December 2009 due to expanding the granting activities, especially in Arab Republic of Egypt. To reduce the possible exposure to the credit risks, the bank concentrates on dealing with large institutions or banks or individual of credit worthiness.

- Loans and advances neither having past due nor subject to impairment

The credit quality of the loans and advances portfolio that are neither having past dues nor subject to impairment are determined by the internal rating of the bank.

Loans and advances to customers (Net)

31 December 2009 EGP

Rating	Retail: Credit cards	Retail: Personal loans	Retail: Debit current accounts and direct loans	Corporate: Syndicated loans	Corporate: Other loans	Total loans and advances to customers
Performing loans	38 867 326	701 833 442	548 779 849	925 578 739	90 427 753	2 305 487 109
Regular follow up	-	-	2 094 173 278	-	-	2 094 173 278
Watch list	-	-	154 553 945	-	-	154 553 945
Total	38 867 326	701 833 442	2 797 507 072	925 578 739	90 427 753	4 554 214 332

Guaranteed loans are not considered subject to impairment for the non-performing category after taking into consideration the collectability of the guarantees.

Loans and advances to customers (Net)

31 December 2010 EGP

Rating	Retail: Credit cards	Retail: Personal loans	Retail: Debit current accounts and direct loans	Corporate: Syndicated loans	Corporate: Other loans	Total loans and advances to customers
Performing loans	87 129 506	932 322 135	834 756 902	874 236 938	61 351 206	2 789 796 687
Regular follow up	-	-	2 836 098 126	464 941 363	134 296 446	3 435 335 935
Watch list	-	-	53 444 049	-	-	53 444 049
Total	87 129 506	932 322 135	3 724 299 077	1 339 178 301	195 647 652	6 278 576 671

Guaranteed loans are not considered subject to impairment for the non-performing category after taking into consideration the collectability of the guarantees.

- Loans and advances having past dues and not subject to impairment

Loans and advances having past due until 90 days but not considered subject to impairment, unless there is information to the contrary. Loans and advances having past due, and not subject to impairment are as follows:

31 December 2010

	Corporate Debit current accounts and direct loans	Total
Past dues up to 30 days	345 206 665	345 206 665
Past dues 30 - 60 days	275 812 294	275 812 294
Past dues 60 - 90 days	4 745 116	4 745 116
Total	625 764 075	625 764 075
Fair value of collateral	144 383 233	144 383 233

In the initial recording of loans and advances, the fair value of guarantees is assessed based on valuation methods commonly used for similar assets. In subsequent periods, fair value is updated to reflect its market price or price of similar assets.

31 December 2009

	Corporate Debit current accounts and direct loans	Total
Past dues up to 30 days	132 059 609	132 059 609
Past dues 30 - 60 days	16 845 502	16 845 502
Past dues 60 - 90 days	41 143 494	41 143 494
Total	190 048 605	190 048 605
Fair value of collateral	148 906	148 906

- Loans and advances subject to individual impairment

* Loans and advances to customers

Loans and advances subject to individual impairment before taking into consideration cash flows from guarantees amounted to EGP 138 488 798 against EGP 93 858 497 at the end of comparative year.

The breakdown of the total loans and advances subject to individual impairment including fair value of collateral obtained by the bank are as follows:

Valuation

	Corporate Debit current accounts and direct loans	Total
31 December 2010		
Individual loans subject to impairment	138 488 798	138 488 798
Fair value of collateral	70 623 911	70 623 911
31 December 2009		
Individual loans subject to impairment	93 858 497	93 858 497
Fair value of collateral	5 585 000	5 585 000

- Re-structured loans and advances

Restructuring activities include renegotiating in terms of payments terms extension, restructure of mandatory management policies, and adjusting and postpone repayment terms. Restructuring policies depend on indicators or standards in addition to the management personal judgment to show that regular payments are of high probability. These policies are subject to regular review. Long-term loans, especially loans to customers are usually subject to restructuring. The renegotiated loans amounted to EGP 17 376 950 as of 31 December 2010 against EGP 25 189 000 as of 31 December 2009.

	31 December 2009	31 December 2010
	EGP	EGP
Loans and advances to customers Corporate		
- Direct loans	25 189 000	17 376 950
Total	25 189 000	17 376 950

3-A/7 Debt instruments, treasury bills and other governmental notes

The table below shows an analysis of debt instruments, treasury bills and other governmental notes according to the rating agencies Standard & Poor and similar at the end of financial period.

	Treasury bills and other governmental notes	Investments in securities	Total
	EGP	EGP	EGP
Less than A-	1 880 770 541	502 413 358	2 383 183 899
Non classified	-	51 540 034	51 540 034
Total	1 880 770 541	553 953 392	2 434 723 933

3-B Market risk

The bank exposed to market risks which is the risk that the fair value or future cash flow fluctuation resulted from changes in market prices. Market risks arise from open market related to interest rate, currency, and equity products of which each is exposed to general and specific market movements and changes in sensitivity levels of market rates or prices such as interest rates, foreign exchange rates and equity instrument prices. The Bank divides its exposure to market risk into trading and non-trading portfolios.

Bank risk division is responsible for managing the market risks arising from trading and non-trading activities of which monitored by two separate teams. Regular reports are submitted to the Board of Directors and each business unit head.

Trading portfolios include transactions where the bank deals direct with clients or with the market; non-trading portfolios primarily arise from managing assets and liabilities interest rate relating to retail transactions. These non-trading portfolios includes foreign exchange risk and equity instruments risks arising from the bank's held-to-maturity and available-for-sale investments portfolios.

3-B/1 Market risk measurement techniques

As part of market risk management, the bank undertakes various hedging strategies (note G/2) and enters into swaps to match the interest rate risk associated with the fixed-rate long-term loans if the fair value option been applied. The major measurement techniques used to measure and control market risk are outlined below:

Value at Risk

The bank applies a 'Value at Risk' methodology (VAR) for trading and non-trading portfolios to estimate the market risk of positions held and the maximum expected losses based on a number of assumptions for various changes in market conditions. The Board of Directors sets limits for the value of risk that may be accepted by the bank for trading and non- trading portfolios separately and monitored by the bank's management.

VAR is a statistical estimation of the expected losses on the current portfolio from adverse market movements in which it represents the 'maximum' amount the bank expect to lose using confidence level (98%). Therefore there is statistical probability of (2%) that actual losses could be greater than the VAR estimation. The VAR module assumes that the holding period is ten days before closing the opening position. It also assumes that market movements during the holding period will be the same as ten days before. The bank's assessment of past movements is based on data for the past five years. The bank applies these historical changes in rates prices indicators. directly to its current positions - this approach called historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and factors used in the VAR calculation.

The use of this approach does not prevent losses from exceeding these limits if there are significant market movements. As VAR considered a primary part of the bank's market risk control technique, VAR limits are established by the Board of Directors annually for all trading and non-trading transactions and allocated to business units. Actual values exposed to market risk are compared to the limits established by the bank and reviewed by the bank risk division. The average daily VAR for the Bank during the current year was EGP 204 thousands against EGP 765 thousands during 31 December 2009.

The quality of the VAR model is continuously monitored through examining the VAR results for trading portfolio and results are reported to the top management and Board of Directors.

Stress Testing

Stress testing provides an indicator of the expected losses that may arise from sharp adverse circumstances. Stress testing are designed to match business using standard analysis for specific scenarios. The stress testing carried out by the bank risk division. Stress testing include: risk factor stress testing where sharp movements are applied to each risk category and test emerging market stress, as emerging market portfolios are subject to sharp movements; and subject to special stress including possible stress events to specific positions or regions - for example the stress outcome to a region applying a free currency rate. The results of the stress testing are reviewed by top management and Board of Directors.

3-B/2 Value at Risk summary

Total Value at Risk according to risk type

	12 months till 31 December 2009			12 months till 31 December 2010		
	Average	High	Low	Average	High	Low
Foreign exchange risk	228	531	9	204	420	7
Equities risk	537	765	333	-	-	-
Total Value at Risk	765	1 296	342	204	420	7

Non- trading portfolio value at risk by risk type

	12 months till 31 December 2009			12 months till 31 December 2010		
	Average	High	Low	Average	High	Low
Foreign exchange risk	228	531	9	-	-	-
Equities risk	537	765	333	-	-	-
Total Value at Risk	765	1 296	342	-	-	-

The increase in VAR especially the interest rate risk mainly proportion to the increase in market interest rates volatility in the global financial markets.

The above three VAR results are calculated independently from the underlying positions and historical market movements. The aggregate of the trading and non-trading VAR results does not represent the bank's VAR due to correlations of risk types and portfolio types and their effect.

3-B/3 Foreign exchange fluctuations risk

The bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows. The Board of Directors set limits for foreign exchange with the aggregate value for each position at the end of the day, and during the day which is controlled on timely basis. The following table summarizes the bank's exposure to foreign exchange volatility risk at the end of the financial year. The following table includes the carrying amounts of the financial instruments in their currencies:

31 December 2010 Financial Asset	EGP	USD	EURO	GBP	Other currencies	Total
Cash and balances with Central bank	1 303 133 054	18 267 022	10 124 357	1 214 737	544 502	1 333 283 672
Due from banks	2 858 317 093	863 841 232	484 750 401	26 228 876	27 708 573	4 260 846 175
Treasury bills and other governmental notes	1 880 770 541	-	-	-	-	1 880 770 541
Loans and advances to customers	4 794 796 970	2 315 051 635	772 554	3 076	281	7 110 624 516
Loans and advances to banks	-	61 375 663	30 881 086	-	-	92 256 749
Financial derivative	421 697	-	-	-	-	421 697
Financial investments:						
-Available for sale	462 577 736	638 539	-	-	-	463 216 275
-Held to maturity	90 737 117	-	-	-	-	90 737 117
Other financial assets	70 723 199	7 101 326	30 568	2 393	59	77 857 545
Total financial assets	11 461 477 407	3 266 275 417	526 558 966	27 449 082	28 253 415	15 310 014 287
Financial liabilities						
Due to banks	2 157 525	51 432 032	20 030 465	-	-	73 620 022
Customer deposits	10 250 560 262	2 911 735 385	496 562 104	28 926 762	27 511 990	13 715 296 503
Financial derivative	636 646	-	-	-	-	636 646
Other loans	-	290 118 471	-	-	-	290 118 471
Other financial liabilities	120 683 760	6 151 314	998 961	34 064	-	127 868 099
Total financial liabilities	10 374 038 193	3 259 437 202	517 591 530	28 960 826	27 511 990	14 207 539 741
Net on financial position	1 087 439 214	6 838 215	8 967 436	(1 511 744)	741 425	1 102 474 546
Commitments related to credit	270 639 255	148 345 262	-	-	-	418 984 517
31 December 2009						
Total financial assets	7 485 933 435	3 112 840 448	517 903 268	34 082 685	6 167 410	11 156 927 246
Total financial liabilities	6 524 558 502	3 134 284 172	459 270 323	34 041 451	6 105 075	10 158 259 523
Net financial position	961 374 933	(21 443 724)	58 632 945	41 234	62 335	998 667 723

3-B/4 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but may profit decrease in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken which is monitored daily by bank risk division.

The table below summarizes the bank's exposure to interest rate risks. It includes the bank's financial instruments at carrying amounts categorized by the earlier of re-pricing or maturity dates:

Loans and advances to customers (Net) (EGP)

31 December 2010	Up to one month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Without interest	Total
Financial Asset							
Cash and balances with Central bank	-	-	-	-	-	1 333 283 672	1 333 283 672
Due from banks	3 879 433 873	339 348 649	-	-	-	42 063 653	4 260 846 175
Treasury bills and other governmental notes	3 740 965	360 386 276	1 516 643 300	-	-	-	1 880 770 541
Loans and advances to customers	860 293 253	2 197 540 273	1 417 784 245	2 486 969 964	212 922 389	*(64 885 608)	7 110 624 516
Loans and advances to banks	90 592 249	1 500 808	163 692	-	-	-	92 256 749
Financial derivative	-	-	-	-	-	421 697	421 697
Financial investments:							
-Available for sale	43 397 453	160 400 000	-	255 359 607	916 634	3 142 581	463 216 275
-Held to maturity	-	-	-	85 737 117	5 000 000	-	90 737 117
Other financial assets	-	-	-	-	-	77 857 545	77 857 545
Total financial assets	4 877 457 793	3 059 176 006	2 934 591 237	2 828 066 688	218 839 023	1 391 883 540	15 310 014 287
Financial liabilities							
Due to banks	-	-	-	-	-	73 620 022	73 620 022
Customer deposits	6 111 265 317	4 506 485 921	572 193 251	1 538 290 962	6 837 000	980 224 052	13 715 296 503
Financial derivative	-	-	-	-	-	636 646	636 646
Other loans	290 118 471	-	-	-	-	-	290 118 471
Other financial liabilities	-	-	-	-	-	127 868 099	127 868 099
Total financial liabilities	6 401 383 788	4 506 485 921	572 193 251	1 538 290 962	6 837 000	1 182 348 819	14 207 539 741
Interest re-pricing gap	(1 523 925 995)	(1 447 309 915)	2 362 397 986	1 289 775 726	212 002 023	209 534 721	1 102 474 546
31 December 2009							
Total financial assets	4 449 548 436	1 610 885 675	1 843 460 120	2 229 657 948	133 726 388	889 648 679	11 156 927 246
Total financial liabilities	(4 649 038 081)	(2 295 874 266)	(1 443 800 468)	(782 558 877)	(1 980 000)	(985 007 831)	(10 158 259 523)
Interest re-pricing gap	(199 489 645)	(684 988 591)	399 659 652	1 447 099 071	131 746 388	(95 359 152)	998 667 723

*It includes the amount EGP (125 281 405) representing the impairment loss provision discounted from the total portfolio of loans and advances to customers as at 31 December 2010, and also an amount of EGP 60 395 797 representing the value of loans and advances to customers with no interest.

3-C Liquidity risk

Liquidity risk represents difficulty encountering the bank in meeting its financial commitments when they fall due and replace funds when they are withdrawn. This may results in failure in fulfilling the bank obligation to repay to the depositors and fulfilling lending commitments.

Liquidity risk management process

The bank's liquidity management process carried out by the bank risk division includes:

- Daily funding managed by monitoring future cash flows to ensure that all requirements can be met when due.
  This includes availability of liquidity as they due or to be borrowed to customers. To ensure that the bank reaches its objective, the bank maintains an active presence in global money markets.
- The bank maintains a portfolio of highly marketable and diverse assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow.
- Monitoring liquidity ratios compared to the internal requirements and Central Bank of Egypt requirements.
- Managing loans concentration and dues.

The main period for liquidity management is the next day, week and month. The bank calculates the expected cash flow for those periods for monitoring and reporting purposes. The starting point to calculate these expectations is analyzing the financial liabilities dues and expected financial assets collections.

Credit risk department monitors the mismatch between medium term assets, the level and nature of unused loans limits, overdraft utilizations, and the effect of contingent liabilities such as letters of guarantees and letters of credit.

Funding approach

Sources of liquidity are regularly reviewed by bank risk division to maintain a wide diversification by currency, geography, source, products, and terms.

Non derivative cash flows

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

Non Derivative Cash Flows Table
31 December 2010
(EGP)

	Up to 1 month	Over than 1 month to 3 months	Over than 3 month to 1 year	Over than 1 year to 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	73 620 022	-	-	-	-	73 620 022
Customers' deposits	7 413 942 464	3 302 877 645	1 453 348 432	1 538 290 962	6 837 000	13 715 296 503
Other loans	290 118 471	-	-	-	-	290 118 471
Other liabilities and financial derivatives	128 667 625	(106 330)	(56 550)	-	-	128 504 745
Total of financial liabilities according to maturity date	7 906 348 582	3 302 771 315	1 453 291 882	1 538 290 962	6 837 000	14 207 539 741
Total of financial assets according to maturity date	6 728 462 898	2 791 968 585	2 747 753 622	2 827 990 162	213 839 019	15 310 014 286

31 December 2009
(EGP)

	Up to 1 month	Over than 1 month to 3 months	Over than 3 month to 1 year	Over than 1 year to 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	303 039 041	-	-	-	-	303 039 041
Customers' deposits	4 365 107 662	2 399 389 718	1 251 410 239	1 185 856 879	265 681 651	9 467 446 149
Other loans	-	-	-	274 270 000	-	274 270 000
Other liabilities and financial derivatives	40 096 518	61 053 136	12 354 680	-	-	113 504 334
Total of financial liabilities according to maturity date	4 708 243 221	2 460 442 854	1 263 764 919	1 460 126 879	265 681 651	10 158 259 524
Total of financial assets according to maturity date	5 450 621 187	522 993 183	2 714 823 410	1 692 856 014	775 633 452	11 156 927 246

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

Financial derivatives settled on a net basis

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

- Foreign exchange derivatives: future currency options, exchange trade currency options.

  The table below analyses the bank's derivative financial liabilities that will be settled in aggregate into relevant maturity groupings based on the remaining period of contractual maturities at the balance sheet date.

  The amounts disclosed in the table are the contractual undiscounted cash flows.

31 December 2010 EGP	Up to 1 month	Over than 1 month to 3 months	Over than 3 month to 1 year	Total
Financial derivatives held for trading:				
Foreign exchange derivatives:				
- Cash outflows	3 841 687	25 976 969	4 235 440	34 054 096
- Cash inflows	3 789 619	25 870 639	4 178 889	33 839 147
Total Cash Outflows*	3 841 687	25 976 969	4 235 440	34 054 096
Total Cash inflows*	3 789 619	25 870 639	4 178 889	33 839 147

*Note no.19

31 December 2009 EGP	Up to 1 month	Over than 1 month to 3 months	Over than 3 month to 1 year	Total
Financial derivatives held for trading:				
Foreign exchange derivatives:				
- Cash outflows	11 029 167	29 710 392	21 808 692	62 548 251
- Cash inflows	11 207 688	30 517 260	22 196 681	63 921 629
Total Cash Outflows*	11 029 167	29 710 392	21 808 692	62 548 251
Total Cash inflows	11 207 688	30 517 260	22 196 681	63 921 629

*Note no.19

Off-balance sheet items:

According to the table below and note no. (33)

At the end of 31 December 2010	Up to 1 year	Over 1 year and less than 5 years	Over than 5 years	Total
Loans commitments	418 984 517	-	-	418 984 517
Financial collaterals, accepted bills and other financial advances	1 843 409 371	-	-	1 843 409 371
Fixed assets acquisition commitments*	4 249 456	-	-	4 249 456
Total	2 266 643 344	-	-	2 266 643 344

At the end of 31 December 2009 EGP	Up to 1 year	Over 1 year and less than 5 years	Over than 5 years	Total
Loans commitments	362 645 000	-	-	362 645 000
Financial collaterals, accepted bills and other financial advances	1 954 179 913	-	-	1 954 179 913
Fixed assets acquisition commitments*	4 416 076	-	-	4 416 076
Total	2 321 240 989	-	-	2 321 240 989

*Note no. (33-B).

3-D Fair value of financial assets and liabilities

3-D/1 Financial instruments measured at fair value using a valuation method

The total amount of the change in estimated fair value using a valuation method during the financial year amounted to EGP 9 104 237 against EGP 7 940 850 as at 31 December 2009.

3-D/2 Financial instruments not measured at fair value

The table below summarizes the carrying amounts and fair values for those financial assets and liabilities not presented on the bank's balance sheet at their fair value:

	Book value		Fair value	
EGP	31 December 2009	31 December 2010	31 December 2009	31 December 2010
Financial assets				
Financial Investments:				
Held to maturity	87 021 423	90 737 117	97 121 875	149 469 333

Due from banks

Fair value of placements and deposits bearing variable interest rate for one day is its current value. The expected fair value for deposits bearing variable interest is based on the discounted cash flow using rate of similar asset of similar credit risk and due dates.

Loans and advances to banks

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

Loans and advances to customers

Loans and advances are net of provisions for impairment losses. Fair value expected for loans and advances represents the discounted value of future cash flows expected to be collected and cash flows are discounted using the current market interest rate to determine fair value.

Financial Investments

Financial investments shown in the previous schedule includes only held to maturity assets investments; as available for sale investments are measured at fair value except for equity instruments that its market value can't be reliably determined. Fair value of held-to-maturity investments is based on market prices or broker/ prices. Fair value is estimated using quoted market prices for financial paper with similar credit maturity and yield characteristics where information is not available.

Due to other banks and customers

The estimated fair value of deposits of indefinite maturity which includes interest-free deposits is the amount paid on call.

The estimated fair value of fixed interest-bearing deposits and other loans not traded in an active market is based on discounted cash flows using interest rates for new debts of similar maturity dates.

Debt instruments in issue

The aggregate fair values are calculated based on quoted market prices. For those notes which quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

3-E Capital management

The bank's objectives behind managing capital include elements other than equity shown in the balance sheet are represented in the following:

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

Capital adequacy and uses are reviewed on a daily basis according to the regulatory authority's requirements (Central Bank in Arab Republic of Egypt) by the bank's management through models based on Basel committee for banking control instructions, these data are submitted to Central Bank of Egypt on quarterly basis.

Central Bank of Egypt requires the following from the bank:

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

The numerator in capital adequacy comprises the following 2 tiers:

- **Tier 1**: It is the basic capital comprising of paid up capital (after deducting the carrying amount of the treasury stocks), retained
  earnings and reserves resulting from profit appropriations except the general reserve for banking risks less any goodwill previously recognized and any carried forward losses.
- **Tier 2**: It is the subordinate capital comprising of the equivalent of the general reserve according to Central Bank of Egypt credit

rating bases issued by Central Bank of Egypt not exceeding 1.25% of total assets and contingent liabilities applying the risk weights subordinate loans/deposits of maturing over more than 5 years (20% amortization of its value each year of the last five years of their maturity term) and 45 % of the increase between the fair value and carrying amount for the available for sale investments, held to maturity investments, and investments in associates and subsidiaries.

On calculating the total numerator of capital adequacy it is to be considered that subordinate capital should not be greater than basic capital and the subordinate loans (deposits) should not be greater than half of basic capital.

Assets are weighted by risk in a range from zero to 100 %. Classification is made according to the debit party for each asset to reflect the related credit risk taking into consideration cash guarantees. Same treatment is used for the off-balance sheet amounts after making relevant adjustments to reflect the contingent nature and the potential loss for these amounts. The bank complied with all internal requirements during the last 2 years. The following schedule shows the calculation of capital adequacy ratio at the end of those two years:

	31 December 2009 EGP	31December 2010 EGP
Capital		
Tier 1 (basic capital)		
Share capital (net of the treasury stocks)	1 123 437 365	1 123 437 365
Legal reserve	75 758	4 069 858
Other reserves	(3 629 452)	(443 719)
Retained earnings/ losses	(11 388 918)	-
Total basic capital	1 108 494 753	1 127 063 504
Tier 2 (subordinated capital)		
Equivalent to general risk provision	81 927 000	103 028 000
45% of the increase in fair value than the book value for available for sale, held to maturity, investments in associates and subsidiaries	4 545 000	5 816 343
Total subordinated capital	86 472 000	108 844 343
Total capital	1 194 966 753	1 235 907 847
Assets and contingent liabilities risk weighted:		
Assets on-balance sheet	5 665 516 000	7 510 203 205
Contingent liabilities	888 650 000	732 020 060
Total risk weighted assets and contingent liabilities	6 554 166 000	8 242 223 265
Capital adequacy ratio (%)	18%	16%

4- Significant accounting estimates and assumptions

The bank makes subjective estimates and judgments that affect the reported amounts of assets and liabilities with the next financial year consistently. Estimations and judgments are continually evaluated and based on historical experience and other factors including the expectations of future events that are believed to be reasonable.

4-A Impairment losses for loans and advances

The bank reviews the portfolio of loans and advances for impairment at least quarterly. The bank uses discretionary judgment on determining whether it is necessary to record impairment loss in the income statement.

The bank has to identify if there is objective evidence indicating a decline in the expected future cash flows from loan portfolio before identifying any decline on individual basis. This evidence include data indicating negative changes in a borrower's portfolio ability to repay to the bank or local or economic circumstances related to default.

On scheduling future cash flows, the management uses the past experience to determine the credit impairment loss for assets when there is objective evidence of impairment similar to that of the portfolio in question.

The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to reduce any discrepancy between the estimated loss and actual loss based on experience.

If the variance of the net current value of the expected cash flows reaches +/- 5%, the impairment losses provision will be higher by EGP 3 619 823 or lower by EGP 3 217 856 than the formed provisions.

4-B Impairment of available for sale equity investments

The bank recognizes impairment loss relating to available for sale equity investments when there is a significant or prolonged decline in the fair value below its cost. A judgment is required to determine that the decline is significant or prolonged. In making this judgment, the bank evaluates among other factors the volatility in share price. In addition, impairment loss recognized when there is evidence of deterioration in the investee financial position or operating and finance cash flow or industry and sector performance or technology changes.

If it's considered that each decrease in the fair value than the cost is significant or ongoing, the bank will suffer an additional loss by EGP 51 283 representing the transfer of the total fair value reserve to the income statement.

4-C Held-to-maturity investments

Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity. This classification requires high degree of judgment; in return the bank tests the intent and ability to hold such investments to maturity. If the bank fails to hold such investments till maturity except for certain circumstances like selling an insignificant amount of held-to-maturity investments near to maturity date, then all held to maturity investment portfolio should be reclassified as available for sale which will be measured at fair value instead of amortized cost.

In addition the bank should suspend classifying investments as held to maturity caption.

If classification of investments as held to maturity is suspended the carrying amount shall increase or decrease the book value to reach its fair value by recording a counter entry in the valuation reserve available for sale within the equity caption.

4-D Income tax

The bank is subject to income tax which requires the use of estimates to calculate the income tax provision. There are a number of processes and calculations which are so hard to determine the final income tax precisely. The bank records a liability related to the tax inspection estimated results. When there is a difference between the final result of the actual tax inspection and the amounts previously recorded by the bank, such differences will be recorded in the period where differences noted. Income tax and deferred tax will be recorded in that period.

5 - Net interest income

	For the year ended 31December 2009 EGP	For the year ended 31December 2010 EGP
Interest from loans and similar income:		
Loans and advances to customers	448 522 988	590 789 095
Loans and advances to banks	-	1 136 259
Treasury Bills and Treasury Bonds	85 993 354	196 382 700
Deposits and current accounts	146 819 047	183 056 030
Investments in debt instruments held to maturity and available for sale	20 802 993	23 514 199
Other	902 450	609 150
Total	703 040 832	995 487 433
Cost of deposits and similar costs:		
Deposits and current accounts:		
Banks	238 775	89 788
Customers	431 904 056	652 807 679
Other loans	4 854 392	1 488 627
Other	7 767	24 513
Total	437 004 990	654 410 607
Net interest income	266 035 842	341 076 826

6 - Net fees and commission income

	For the year ended 31December 2009 EGP	For the year ended 31December 2010 EGP
Fees and commission income:		
Fees and commissions related to credit	29 100 465	46 817 806
Fees and commissions related of financing services	28 503 399	37 746 553
Custody fees	1 048 581	1 642 086
Other fees	25 455 692	28 708 600
Total	84 108 137	114 915 045
Fees and commission expenses:		
Other fees paid	3 301 861	4 175 996
Total	3 301 861	4 175 996
Net fees and commission income	80 806 276	110 739 049

7 - Dividends income

	For the year ended 31December 2009 EGP	For the year ended 31December 2010 EGP
Available for sale investments	259 095	118 380
	259 095	118 380

8 - Net trading income

	For the year ended 31December 2009 EGP	For the year ended 31December 2010 EGP
Debt instruments held for trading	1 908 876	906 194
Equity instruments held for trading	940	-
Net trading income	1 909 816	906 194

9 - Administrative expenses

	For the year ended 31December 2009 EGP	For the year ended 31December 2010 EGP
Staff costs		
Wages and salaries	113 126 872	1128 108 349
Social insurance	2 548 571	3 027 408
Total staff costs	115 675 443	131 135 757
Depreciation and amortization	21 656 179	25 877 356
Other administrative expense	71 045 895	89 221 688
Total administrative expenses	208 377 517	246 234 801

10 - Other operating income

	For the year ended 31December 2009 EGP	For the year ended 31December 2010 EGP
Profits from revaluation of monetary assets and liabilities determined in foreign currency other than those classified or trading or originally classified at fair value through profit and loss	15 119 733	17 466 172
Profits (losses) on sale of property and equipment	(490 158)	64 906
Impairment in other assets-payments to acquire fixed assets	(682 806)	(282 315)
Other provisions loss	(7 830 825)	(4 857 807)
Profit from assets reverted to the bank	4 540 000	37 302
Other income	-	2 880 487
	10 655 944	15 308 745

11- (Impairment) related to credit losses

	For the year ended 31 December 2009 EGP	For the year ended 31December 2010 EGP
Loans and advances to customers (note. 18)	(30 732 396)	(9 031 204)
	(30 732 396)	(9 031 204)

12 - Income tax expenses

	For the year ended 31 December 2009 EGP	For the year ended 31December 2010 EGP
Current taxes	-	49 712 198
Deferred taxes	29 377 419	338 094
	29 377 419	50 050 292

13 - Earnings per share

A-Basic

Earnings per share calculated by dividing profit related to the shareholders' by the ordinary shares weighted average issued during the period.

	For the year ended 31 December 2009 EGP	For the year ended 31December 2010 EGP
Net profit applicable to be distributed on the bank's shareholders	107 150 552	174 613 775
Employees profit share	(9 896 842)	(14 747 438)
	97 253 710	159 866 337
Common shares weighted average issued	20 000 000	20 000 000
Earnings per share	4.86	8.00

14 - Cash and balances with the Central Bank of Egypt

	31 December 2009 EGP	31December 2010 EGP
Cash	110 309 937	125 259 705
Due from central bank within the required reserve percentage	621 218 353	1 208 023 967
Total	731 528 290	1 333 283 672
Interest free balances	731 528 290	1 333 283 672

15- Due from banks

	31 December 2009 EGP	31December 2010 EGP
Current accounts	66 645 493	42 063 653
Deposits	4 135 061 415	4 218 782 522
	4 201 706 908	4 260 846 175
Due from central bank (other than the required reserve percentage)	2 228 597 633	3 139 348 649
Local banks	750 864 922	272 500 936
Foreign banks	1 222 244 353	848 996 590
	4 201 706 908	4 260 846 175
Interest fee balances	66 645 493	42 063 653
Fixed interest rate balances	4 135 061 415	4 218 782 522
	4 201 706 908	4 260 846 175
Current balances	4 201 706 908	4 260 846 175

16- Treasury bills and other governmental notes

Treasury bills represent the following.

	31 December 2009 EGP	31December 2010 EGP
182 days maturity	-	832 950 000
273 days maturity	273 400 000	603 425 000
364 days maturity	544 975 000	549 700 000
Total	818 375 000	1 986 075 000
Unearned interest	(49 904 864)	(105 304 459)
Net	768 470 136	1 880 770 541

17- Loans and advances to banks

	31 December 2009 EGP	31December 2010 EGP
Forward loans	11 514 481	92 256 749
Current balances	11 514 481	92 256 749

18- Loans and advances to customers

	31 December 2009 EGP	31December 2010 EGP
Retail		
Credit cards	44 293 085	100 964 416
Personal loans	850 378 135	1 111 826 790
Total (1)	894 671 220	1 212 791 206
Corporate loans including small for economic activities		
Debit current account	1 587 149 010	3 038 290 075
Direct loans	1 499 096 901	1 449 998 688
Syndicated loans	925 578 739	1 339 178 300
Other loans	91 202 877	195 647 652
Total (2)	4 103 027 527	6 023 114 715
Total loans and advances to customers (1+2)	4 997 698 747	7 235 905 921
Less provision for impairment losses	(119 278 918)	(125 281 405)
Net distributed to:	4 878 419 829	7 110 624 516
Current balances	2 470 305 749	3 624 007 303
Non-current balances	2 408 114 080	3 486 617 213
	4 878 419 829	7 110 624 516

The bank accepted trading financial papers on the year ended 31 December 2010 of fair value amounted to EGP 373 334 349 against comparative date balance amounted to EGP 357 245 000 as a commercial loan guarantee .

Provision for impairment losses

Provision for impairment losses analysis for loans and advances to customers' classified according to its type as follows:

	Retail		
EGP	Credit cards	Personal loans	Total
Balance as of 1/1/2010	1 953 633	35 396 995	37 350 628
Impairment losses during the year*	6 200 868	2 557 478	8 758 346
Amounts written off during the year	-	(168 075)	(168 075)
Balance as of 31 December 2010	8 154 501	37 786 398	459 40 899

*Note no. (11).

	Corporate				
EGP	Debit current accounts	Direct loans	Syndicated loans	Other loans	Total
Balance as of 1/1/2010	73 342 007	5 925 438	2 468 795	192 050	81 928 290
Impairment losses during the year*	(262 458)	598 024	(170 058)	107 350	272 858
Amounts written off during the year	(2 995 005)	(74 996)	-	-	(3 070 001)
Proceeds from the debts previously written off	209 359	-	-	-	209 359
Balance as of 31 December 2010	70 293 903	6 448 466	2 298 737	299 400	79 340 506

*Note no. (11).

31 December 2009

	Retail		
EGP	Credit cards	Personal loans	Total
Balance as of 1/1/2009	649 700	15 581 929	16 231 629
Impairment losses	1 303 933	19 815 066	21 118 999
Balance as of 31 December 2009	1 953 633	35 396 995	37 350 628

	Corporate				
EGP	Debit current accounts	Direct loans	Syndicated loans	Other loans	Total
Balance as of 1/1/2009	68 782 921	5 557 101	2 315 330	180 111	76 835 463
Impairment losses	9 079 656	368 337	153 465	11 939	9 613 397
Amounts written off during the year	(5 942 470)	-	-	-	(5 942 470)
Proceeds from the debts previously written off	1 421 900	-	-	-	1 421 900
Balance as of 31 December 2009	73 342 007	5 925 438	2 468 795	192 050	81 928 290

19 - Financial derivatives instruments

The bank uses the following financial derivatives for hedging and non-hedging purposes:

- The forward currency contracts represent commitments to buy foreign and local currencies, including unexecuted spot transactions. Foreign currency and /or interest rates future contracts are contractual obligations to receive or pay net amount based on the change in foreign exchange or interest rates, and/or buy or sell foreign currency or financial instrument in a future date at a contractual determined price in an active financial market. The bank's credit risk is considered minimal, forward interest rate contracts represent future interest rate contracts negotiated on case by case, these contracts require settlements in a future date of the difference between agreed interest rates and prevailing market interest rate based on agreed contractual amount (nominal value).

- Currency and/or interest rate swaps represent commitments to exchange cash flows. As a result of these contracts, currencies or interest rates (e.g.; fixed rate verses variable rate) or both (interest rate and currency swaps) are exchanged. Contractual amounts are not actually exchanged except for some currency swaps.

- Credit risks are represented in the contingent cost to change swap contracts in case the counter parties failed to perform their commitments. This risk is continuously monitored through comparisons of fair value and contractual amount, and to monitor the existing credit risk, the bank evaluates counter parties using the same methods used in lending activities.

- Foreign currency options and/or interest rates options represent contractual agreements whereby the seller (issuer) gives the buyer (holder) a right not an obligation, to buy(call option) or to sell (put option) on a certain day or within a certain period, a certain amount of foreign currency or financial instrument at a predetermined price. The seller receives commissions in compensation for his acceptance of the foreign currency risk of interest rate risk. Options contracts are either traded in the market or negotiated between the bank and one of its clients. The bank is exposed to credit risk for purchased options contracts only and to extent of its carrying values which represent its fair value.

- The contractual value of some financial instruments are considered a base to compare with the recognized financial instruments on the balance sheet, however it does not necessarily provide an indicator for future cash flow or the fair value of the instruments, thus, those amounts doesn't reflect the credit risk or interest rate risk.

- Financial derivatives are considered in the favor of the bank (assets) or not in its favor (liabilities) as a result of changes in foreign exchange rates or interest rates related to these financial derivatives. Contractual /estimated amounts of financial derivatives can fluctuate from time to time, as well as, the range through which financial derivatives are considered in the favor of the bank (assets) or not in its favor (liabilities) and the total fair value of the financial assets and liabilities from derivative. The following are the fair values of the financial derivatives on hand:

31 December 2010

	Contractual amount/ virtual EGP	Fair Values Assets EGP	Fair Values Liabilities EGP
A-Derivatives held for trading			
Foreign currency derivatives			
Currency forward contracts	34 054 096	421 697	636 646
Total derivatives not publicly traded	34 054 096	421 697	636 646
Total assets (liabilities) of derivatives held for trading	34 054 096	421 697	636 646
Current balances	34 054 096	421 697	636 646

31 December 2009

	Contractual amount/ virtual EGP	Fair Values Assets EGP	Fair Values Liabilities EGP
A-Derivatives held for trading			
Foreign currency derivatives			
Currency forward contracts	62 548 251	1 460 692	87 314
Total derivatives not publicly traded	62 548 251	1 460 692	87 314
Total assets (liabilities) of derivatives held for trading	62 548 251	1 460 692	87 314
Current balances	62 548 251	1 460 692	87 314

20 - Financial investments

	31 December 2009 EGP	31 December 2010 EGP
Available for sale		
Debt instruments-fair value:		
-Listed	322 397 291	460 073 694
-Unlisted	64 222 378	2 244 842
Equity instruments-fair value:		
-Listed	1587 020	-
-Unlisted	6 527 625	897 739
Total available for sale investments (1)	394 734 314	463 216 275
Held to maturity		
Debt instruments-amortized cost:		
-Unlisted	87 021 423	90 737 117
Total held to maturity investments (2)	87 021 423	90 737 117
Total financial investments (1+2)	481 755 737	553 953 392
Current balances	8 114 645	163 542 581
Non-current balances	473 641 092	390 410 811
	481 755 737	553 953 392
Fixed interest debt instruments	468 641 092	545 810 811
Variable interest debt instruments	5 000 000	7 244 842
	473 641 092	553 055 653

Debt instruments available for sale - listed was reclassified to loans and receivables since 30 September 2008, which its cost amounted to EGP 32 661 674 at 31 December 2010 after amortization of the issuing premium and discount and its fair value amounted to EGP 33 922 384 at 31 December 2010, and If the bank was kept it as bond investment it might resulted to profits on equity amounting to EGP 1 260 710.

EGP	Available for sale investments	Held to maturit investments	Total
Balance as of 1/1/2010	394 734 314	87 021 423	481 755 737
Additions	226 507 755	-	266 507 755
Disposals (sale / redemption)	(167 588 961)	-	(167 588 961)
Valuation difference of monetary assets dominated in foreign currencies	467 340	-	467 340
Gain from change in Fair Market Value (note. 31-d)	9 095 827	-	9 095 827
Amortization	-	3 715 694	3 715 694
Balance as of 31 December 2010	463 216 275	90 737 117	553 953 392
Balance as of 1/1/2009	411 785 935	28 924 254	440 710 189
Additions	290 502 468	55 008 475	345 510 943
Disposals (sale / redemption)	(315 664 643)	-	(315 664 643)
Valuation difference of monetary assets dominated in foreign currencies	21 290	-	21290
Gain from change in Fair Market Value (note. 31-d)	8 089 264	-	8 089 264
Amortization	-	3 088 694	3 088 694
Balance as of 31/12/2009	394 734 314	87 021 423	481 755 737

Profits of financial investments

	31 December 2009 EGP	31 December 2010 EGP
Profit from sale financial assets available for sale (note. 31-d)	9 579 623	3 350 611
Profit from sale of treasury bills	6 391 288	8 430 267
	15 970 911	11 780 878

21 - Intangible assets

	31 December 2009 EGP	31 December 2010 EGP
Computer software		
Net book value at beginning of the year	6 015 845	5 250 438
Additions	1 188 062	2 283 637
Accumulated amortization	(1 953 469)	(2 137 223)
	5 250 438	5 396 852

22 - Other assets

EGP	31 December 2009	31December 2010
Accrued revenues	39 762 744	64 940 038
Prepaid expenses	19 872 079	23 063 648
Advances to purchase fixed assets (after deducting the impairment)	57 115 538	64 006 435
Assets reverted to the bank in settlement of debts	5 254 095	2 875 600
Security deposits and imprest	8 715 231	2 197 675
Other	13 721 119	12 917 509
	144 440 806	170 000 905

23 - Fixed Assets

	Land and Buildings EGP	Leasehold Improvement EGP	Machines and Equipments EGP	Others EGP	Total EGP
Balance as of 1/1/2009					
Cost	138 454 255	2 004 345	18 885 615	59 566 467	218 910 682
Accumulated depreciation	(4 384 734)	(180 227)	(2 881 567)	(13 205 125)	(20 651 653)
Net book value as of 1/1/2009	134 069 521	1 824 118	16 004 048	46 361 342	198 259 029
Additions during the year	25 440 523	27 492 637	4 944 432	30 484 201	88 361 793
Disposals during the year	-	-	-	(1 235 653)	(1 235 653)
Depreciation during the year	(3 562 824)	(2 307 183)	(3 094 523)	(10 738 178)	(19 702 708)
Accumulated depreciation for disposals during the year	-	-	-	328 635	328 635
Net book value as of 31/12/2009	155 947 220	27 009 572	17 853 957	65 200 347	266 011 096
Balance as of 1/1/2010					
Cost	163 894 778	29 496 982	23 830 047	88 815 015	306 036 822
Accumulated depreciation	(7 947 558)	(2 487 410)	(5 976 090)	(23 614 668)	(40 025 726)
Net book value as of 1/1/2010	155 947 220	27 009 572	17 853 957	65 200 347	266 011 096
Additions during the year	17 039 190	263 414	658 848	9 987 692	27 949 144
Disposals during the year	-	(73 418)	-	(314 715)	(388 133)
Adjustments during the year	(518 879)	-	-	(166 074)	(684 953)
Depreciation during the year	(4 160 442)	(2 968 007)	(3 286 378)	(13 325 304)	(23 740 131)
Accumulated depreciation for disposals during the year	-	11 624	-	313 712	325 336
Net book value as of 31/12/2010	168 307 089	24 243 185	15 226 427	61 695 658	269 472 359
Balance as of 31/12/2010					
Cost	180 415 089	29 686 978	24 488 895	98 321 918	332 912 880
Accumulated depreciation	(12 108 000)	(5 443 793)	(9 262 468)	(36 626 260)	(63 440 521)
Net book value	168 307 089	24 243 185	15 226 427	61 695 658	269 472 359

- Fixed assets (after depreciation) include assets that are not registered yet in the name of the bank amounting EGP 136 Million at the balance sheet date, legal procedures are currently undertaken to register those assets.

24 – Balances due to banks

	31 December 2009 EGP	31 December 2010 EGP
Current accounts	82 733 201	73 620 022
Deposits	220 305 840	-
	303 039 041	73 620 022
Local banks	889 840	4 187 396
Foreign banks	302 149 201	69 432 626
	303 039 041	73 620 022
Interest free balances	82 733 201	73 620 022
Fixed interest balances	220 305 840	-
	303 039 041	73 260 022
Current balances	303 039 041	73 260 022

25 - Customers' deposits

	31 December 2009 EGP	31 December 2010 EGP
Demand deposits	1 347 204 759	2 342 177 987
Time deposits and call accounts	5 936 431 842	9 278 815 587
Certificates of deposit	1 773 194 000	1 454 999 537
Savings deposits	209 244 628	324 481 642
Other deposits	201 370 920	314 821 750
	9 467 446 149	13 715 296 503
Corporate deposits	6 146 633 622	10 635 932 486
Individual deposits	3 320 812 527	3 079 364 017
	9 467 446 149	13 715 296 503
Interest free balances	929 233 715	77 743 735
Variable interest balances	769 777 023	2 706 817 809
Fixed interest balances	7 768 435 411	10 930 734 959
	9 467 446 149	13 715 296 503
Current balances	1 417 043 288	12 170 168 577
Non-current balances	8 050 402 861	1 545 127 926
	9 467 446 149	13 715 296 503

26 - Other Loans

	Interest Rate (%)	31 December 2009 EGP	31December 2010 EGP
Long Term Loans			
Bank Audi Lebanon (sal)			
Loan dated 30 December 2008,			
due date 30 December 2011	1 month libor + 0.25 %	274 270 000	290 118 471
Non - current balances		274 270 000	290 118 471

27 - Other liabilities

	31 December 2009 EGP	31December 2010 EGP
Accrued interest	63 552 386	101 304 595
Unearned revenue	2 173 213	2 385 673
Accrued expenses	23 409 100	26 084 055
Other credit balances	24 282 321	26 563 506
	113 417 020	156 337 829

28 - Other Provisions

31 December 2010

	Provision for possible Claims EGP	Provision for legal cases EGP	Provision for contingent Liabilities * EGP	Total EGP
Balance at the beginning of the year	15 139 947	1 354 097	266 741	16 760 785
Formed during the year	2 160 663	11 200	2 752 944	4 924 807
Used during the year	(9 586 714)	-	-	(9 586 714)
Provisions no longer required Impairment/reversal	-	-	(67 000)	(67 000)
Balance at the end of the year	7 713 896	1 365 297	2 952 685	12 031 878

During the current financial year, a provision was formed with the whole expected value, and it is expected to the full usage of this provision during the later periods.

*Contingent liabilities impairment include EGP 199 741 individual impairment and EGP 2 752 944 for groups of similar credit characteristics impairment.

	31 December 2009			
	Provision for possible Claims EGP	Provision for legal cases EGP	Provision for contingent Liabilities EGP	Total EGP
Balance at the beginning of the year	17 808 965	1 533 098	713 974	20 056 037
Formed during the year	8 417 982	-	-	8 417 982
Used during the year	(11 087 000)	(39 077)	-	(11 126 077)
Provision no longer required				
Impairment /recovery	-	(139 923)	(447 234)	(587 157)
Balance at the end of the financial year	15 139 947	1 354 098	266 740	16 760 785

29 - Deferred tax

Deferred income taxes calculated entirely on the differences of deferred tax in accordance with liabilities method using the effective tax rate of 22% for the current financial year.

Deferred tax assets resulting from forward tax losses are not recognized unless it is probable that there are future tax profits that can utilize the forward tax losses.

Offset between deferred tax assets and deferred tax liabilities if there is legal reason to set off current tax assets against current tax liabilities and also when the deferred income taxes belong to the same department of taxation.

Deferred tax assets and liabilities

The movement of deferred tax assets and liabilities is as follows:

Deferred tax assets and liabilities balances

	Deferred tax assets		Deferred tax liabilities	
	31 December 2009 EGP	31 December 2010 EGP	31 December 2009 EGP	31 December 2010 EGP
Fixed assets	-	-	(9 311 632)	(10 851 525)
Provisions(other than losses of loans provision)	398 106	1 599 905	-	-
Fair value differences	-	-	(8 409)	-
Change in accounting standards	-	-	(16 941 220)	(16 941 220)
Total tax assets (liabilities)	398 106	1 599 905	(26 261 261)	(27 792 745)
Net tax (liabilities)	-	-	(25 863 155)	(26 192 840)

Deferred tax assets and liabilities movements

	Deferred tax assets		Deferred tax liabilities	
	31 December 2009 EGP	31 December 2010 EGP	31 December 2009 EGP	31 December 2010 EGP
Balance at beginning of year	1 561 995	398 106	(21 540 132)	(26 261 261)
Additions	-	1 201 799	(4 721 129)	(1 531 484)
Disposals	(1 163 889)	-	-	-
Balance at end of year	398 106	1 599 905	(26 261 261)	(27 792 745)

Deferred tax stated directly in equity

	31 December 2009 EGP	31December 2010 EGP
Balance at the beginning of the year	(19 161 389)	(22 485 736)
Movement of deferred tax on the fair value for available for sale investments (note 31/D)	(148 414)	8 409
Deferred tax arise from change in accounting standards	(3 175 933)	-
Balance at the end of the year	(22 485 736)	(22 477 327)

30 - Paid Up Capital

	Number of shares	Ordinary shares	Total USD
Balance at 31 December 2009	20 000 000	20 000 000	200 000 000
Balance at 31 December 2010	20 000 000	20 000 000	200 000 000

The authorized capital amounted to USD 200 million equivalent to EGP 1 123 437 365 at the end of the financial year 31 December 2010 at par value USD 10 and all the issued shares are paid.

31 - Reserves and retained earnings

	31 December 2009 EGP	31 December 2010 EGP
Reserves		
Special reserve	77 205 577	77 205 577
General banking risk reserve	12 703 730	31 047 523
Legal reserve	75 758	4 069 858
Fair value reserve –investments available for sale	(3 517 279)	(5 586 957)
Other fair value reserve	(112 173)	(392 435)
Total reserves at the end of the financial year	86 355 613	117 517 480

Reserves movements are as follows:

A- Special reserve

	31 December 2009 EGP	31 December 2010 EGP
Balance at the beginning of the year	101 190 522	77 205 577
Collections from bad debts	1 421 900	-
Foreign currencies revaluation differences of provisions	(162 981)	-
Used from provision during the year	(5 942 470)	-
Tax liabilities recorded directly in the owners' equity	(19 301 394)	-
Balance at the end of the year	77 205 577	77 205 577

In accordance with Central Bank of Egypt's rules relating to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Board of Directors on 16 December 2008, the way of measurement the impairment of loans, facilities, and other debt instruments has been changed, as a result; the general provision for the loans and facilities has been deleted and replaced by total provisions include group of assets that bear credit risk and similar characteristics or individual provisions and the total increase in the current provisions has been posted in first of January 2009 in according to using the former basis of evaluation to the provisions as the new method to special reserve in the owners' equity. The distribution for this provision is prohibited except after obtaining the approval of the Central Bank of Egypt.

B- General banking risk reserve

	31 December 2009 EGP	31 December 2010 EGP
Balance at the beginning of the year	-	12 703 730
Transferred from retained earnings	15 879 663	18 343 793
Tax liabilities recorded directly in the capital	(3 175 933)	-
Balance at the end of the year	12 703 730	31 047 523

In accordance with the Central Bank of Egypt instructions general banking risk reserve is formed to meet unexpected risks; and this reserve is un-distributable except after obtaining the approval of the Central Bank of Egypt.
In accordance with Central Bank of Egypt's rules relating to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Board of Directors on 16 December 2008 , the method of measurement the impairment of loans, facilities, and other credit tools has been changed, and the total increase in the formed provisions during the financial year ended at 31 December 2009 has been posted in according to using the former basis of evaluation to the formed provisions as the new method to general banking risk reserve.

C- Legal Reserve

	31 December 2009 EGP	31December 2010 EGP
Balance at the beginning of the year	75 758	75 758
Formed from profits 2009	-	3 994 100
Balance at the end of the year	75 758	4 069 858

According to the local laws, 5% of the net annual profits is retained for reserve not distributed to reach to 50% from the issued capital.

D- Fair Value reserve –investments available for sale

	31 December 2009 EGP	31December 2010 EGP
Balance at the beginning of the year	(11 458 129)	(3 517 279)
Net change in fair value (note 20)	17 668 886	12 446 438
Deduct: deferred income tax (note 29)	(148 414)	8 409
Net transferred losses to income statement as a result of disposal (note 20)	(9 579 622)	(3 350 611)
Balance at the end of the year	(3 517 279)	5 586 957

This reserve is un-distributable except after obtaining the approval of the Central Bank of Egypt.

E- Other fair value reserve

	31 December 2009 EGP	31December 2010 EGP
Balance at the beginning of the year	(110 399)	(112 173)
Amortization during the year	46 915	134 608
Evaluation differences for foreign currencies	(158)	(31 420)
Transferred to income statement as a result of disposal	(48 531)	(383 450)
Balance at the end of the year	(112 173)	(392 435)

F- Retained Earnings

	31 December 2009 EGP	31December 2010 EGP
Movement of retained earnings		
Balance at the beginning of the year	(11 388 918)	79 881 971
Net profit for the year	107 150 552	174 613 775
Shareholder's share for year 2009	-	(65 991 029)
Staff share for year 2009	-	(9 896 842)
Transferred to general banking risk reserve	(15 879 663)	(18 343 793)
Transferred to legal reserve	-	(3 994 100)
Balance at the end of the year	79 881 971	156 269 982

32- Cash and cash equivalents

For the purpose of preparing the statement of cash flow, the cash and cash equivalent includes the following balance of maturity dates within less than three months from the date of acquisition:

	31 December 2009 EGP	31December 2010 EGP
Cash and due from Central Bank of Egypt (included in note. 14)	110 309 937	125 259 705
Due from banks (included in note. 15)	66 645 493	42 063 653
	176 955 430	167 323 358

33 - Commitment and contingent liabilities

A- Legal claims

There are lawsuits filed against the bank as at 31 December 2010 and provision amounted to EGP 1 365 297 has been formed for these lawsuits.

B- Capital Commitment

The bank's total capital commitments is amounted to EGP 4.2 millions as at 31 December 2010 against EGP 4.4 millions comparative in purchasing fixed assets and the management is confident that net profit will be recognized, will be used to pay these commitments.

C- Commitments for loans guarantees and facilities

Bank Commitments for loans guarantees and facilities are represented as follows:

	31 December 2009 EGP	31December 2010 EGP
Commitments for loans and other liabilities related to credit	362 645 000	418 984 517
Accepted papers	79 237 370	93 010 198
Letters of guarantee	1 495 413 267	1 502 990 450
Letter of credit-import	352 145 542	229 695 128
Letter of credit-export	18 383 734	17 713 595
	2 307 824 913	2 262 393 888

Accounting policy number (3-a/5)

34- Related party transactions

The bank is a subsidiary of parent Audi (S.A.L) Serdar Group (Lebanon) which owns 99.99998% of ordinary shares. The remaining percentage (0.00002%) is owned by other shareholders.

Related parties transactions and balances at the end of the financial year ended at 31 December 2010 are as follows:

A- Loans and advances to related parties

Parent

	31 December 2009 EGP	31 December 2010 EGP
Existing loans at the beginning of the year	689 212 500	274 270 000
Loans paid during the year	(414 942 500)	-
Currency evaluation differences	-	15 848 471
Existing loans at the end of the year	274 270 000	290 118 471

- Loans granted from parent company are non secured and variable interest rate as they are recoverable at the end of contract.

B-Deposits from related parties

	Top management members		Other related parties	
	31 December 2009 EGP(000)	31 December 2010 EGP(000)	31 December 2009 EGP(000)	31 December 2010 EGP(000)
Due to customers				
Deposits at the beginning of the year	4	2	168 536	58 877
Deposits tied during the year	-	24	8 383 964	11
Deposits redeemed during the year	(2)	(24)	(8 493 623)	(58 888)
Deposits at the end of the year	2	2	58 877	-

The preceding deposits are of no guarantee they carry variable interest rate and recoverable on call.

C-Other related party transactions

Other Parties

	31 December 2009 EGP	31 December 2010 EGP
Due from banks	61 189	50 632
Due to banks	2 273	4 767
Letter of guarantees	10 771	19 183
Letter of credit-export	10 912	-

D- Board of Directors (non-executives) and top management benefits

	31 December 2009 EGP	31December 2010 EGP
Salaries and short-term benefits	219 999	655 000
	219 999	655 000

35 Subsequent events to balance sheet date

Egypt was exposed to events which probably effect on its economic activities in the subsequent periods, and that could potentially impact on the elements of the assets and liabilities and results of its operation in the subsequent periods, but no indications or evidences are available to management to make them perform material changes on the elements of the assets and liabilities and results of its operation in the subsequent financial periods as a result of the subsequent events to financial statements date. The significance of such an impact will depend on extent and length until which these events and its effect will end.

36 Bank Audi Mutual fund in EGP (Accumulated Daily Interest)

The mutual fund is an activity authorized for the bank by virtue of Capital Market law no.95 for the year 1992 and its executive regulation. The fund is managed by Hermes for fund management .The certificates of the fund reached 10 million certificates with an amount of EGP 100 million of which 500 thousands certificates (with nominal value of EGP 5 million) were allocated to the bank to undertake the funds' activity.

The bank holds as at 31 December 2010 a number of 500 thousands certificates of total amount of EGP 5 million and with a redeemable value amounted to EGP 5 612 105.

The redeemable value of the certificate amounted to EGP 11.22421 as at 31 December 2010 and the outstanding certificates at that date reached 14 550 251 certificate.

According to the fund's management contract and its prospectus, Bank Audi sae shall obtain fee and commission for supervision on the fund and other managerial services rendered by the bank. Total commission amounted to EGP 726 157 for the year ended 31 December 2010 under the item of fees and commission income/other fees caption in the income statement.

37 Comparative

Certain comparative figures for the year 2010 have been reclassified to conform with the current year's presentation according to the Central Bank of Egypt instructions issued in 16 December 2008 as follows:

Description	Balance before adjustment	Adjustment	Balance after adjustment
EGP			
Balance Sheet			
Loans and facilities to customers	4 805 228 211	73 191 618	4 878 419 829
Loans and facilities to banks	-	11 514 481	11 514 481
Fixed assets	271 261 534	(5 250 438)	266 011 096
Intangible assets	-	5 250 438	5 250 438
Customer deposits	9 397 607 620	69 838 529	9 467 446 149
Other liabilities	183 255 549	(69 838 529)	113 417 020
Other provisions	44 441 321	(27 680 536)	16 760 785
Reserves	(3 553 694)	89 909 307	86 355 613
Retained earnings	(11 388 918)	91 270 889	79 881 971
Income Statement			
Interest from loans and similar income	702 138 382	902 450	703 040 832
Cost of deposits and similar costs	436 997 223	7 767	437 004 990
Net trading income	4 177 878	(2 268 062)	1 909 816
Impairment for credit losses	54 745 787	(24 013 391)	30 732 396
Other operating income	17 416 293	(6 760 349)	10 655 944

FIELDS


Fields

Number of Branches Growth

Times
from 2006 to 2010

VII. BRANCH NETWORK & ATM LOCATIONS BY GOVERNORATE

Dokki Main Branch

VII. Branch Network & ATM locations by Governorate

Branch Network locations by Governorate

Cairo Governorate

Branch Name	Makram Ebeid Branch
Branch Full address	1 Makram Ebeid Street, Nasr City, Cairo
Tel #	(20-2) 22731462
Fax #	(20-2) 22726755
Branch Name	Beirut Branch
Branch Full address	54 Demeshk Street, Heliopolis, Cairo
Tel #	(20-2) 24508655
Fax #	(20-2) 24508653
Branch Name	Shoubra Branch
Branch Full address	128 Shoubra Street, Shoubra, Cairo
Tel #	(20-2) 22075788
Fax #	(20-2) 22075779
Branch Name	Masaken Sheraton Branch
Branch Full address	11 Khaled Ebn El Waleed Street; Masaken Sheraton; Heliopolis, Cairo
Tel #	(20-2) 22683371
Fax #	(20-2) 22683433
Branch Name	Nady El Shams Branch
Branch Full address	17 Abdel Hamid Badawy Street; Heliopolis, Cairo
Tel #	(20-2) 26210941
Fax #	(20-2) 26210945
Branch Name	Mokattam Branch
Branch Full address	Plot # 6034; Street 9; Mokkattam, Cairo
Tel #	(20-2) 25056927
Fax #	(20-2) 25057566
Branch Name	Abbassia Branch
Branch Full address	109 Abbassia street - Cairo
Tel #	(20-2) 24871906
Fax #	(20-2) 24871947
Branch Name	El-Obour City Branch
Branch Full address	Golf City , Obour City , Shops 43,44,45
Tel #	(20-2) 46104323
Fax #	(20-2) 46104324
Branch Name	El-Manial Branch
Branch Full address	90 El Manial st. - Cairo
Tel #	(20-2) 23630080
Fax #	(20-2) 23630099

Branch Name	Triumph Branch
Branch Full address	No. 8 , plot 740 , Intersection of Othman Ibn Affan St. and Mohamed Adly Kafafi, Heliopolis
Tel #	(20-2) 22404055
Fax #	(20-2) 26424900
Branch Name	Abd El-Khalek Tharwat Branch
Branch Full address	42 Abdel Khalek Tharwat , Street, Down town, Cairo.
Tel #	(20-2) 23904685
Fax #	(20-2) 23904162
Branch Name	Garden City Branch
Branch Full address	1 Aisha El-Taymorya Street, Garden City
Tel #	(20-2) 27928979
Fax #	(20-2) 27928977
Branch Name	Salah Salem Branch
Branch Full address	Bldg. 15 Salah Salem St. Heliopolis – Cairo
Tel #	(20-2) 22607298
Fax #	(20-2) 22607168

Giza Governorate

Branch Name	Dokki Branch - Main
Branch Full address	104 El Nile Street, Dokki
Tel #	(20-2) 37490014
Fax #	(20-2) 37483818
Branch Name	Mosaddak Branch
Branch Full address	56 Mosaddak Street, Dokki
Tel #	(20-2) 37603477
Fax #	(20-2) 37480242
Branch Name	Lebanon Branch
Branch Full address	60 Lebanon Street (Lebanon Tower); Lebanon Square; Mohandessin
Tel #	(2-02) 33026462
Fax #	(2-02) 33026454
Branch Name	El-Batal Ahmed Abdel-Aziz Branch
Branch Full address	44 El-Batal Ahmed Abdel-Aziz Street, Mohandessin, Cairo
Tel #	(20-2) 37480868
Fax #	(20-2) 37480599
Branch Name	Tahrir Street Branch
Branch Full address	94 Tahrir Street, Dokki.
Tel #	(20-2) 37486118
Fax #	(20-2) 37486310

Sixth of October Governorate

Branch Name	Sixth of October Branch
Branch Full address	Plot # 2/23 - Central District - 6th of October City
Tel #	(2-02) 38353790
Fax #	(20-2) 38353780

Branch Name	Pyramids Heights Branch
Branch Full address	Pyramids Heights Office Park, Cairo-Alexandria Desert Road, Km 22, 6th of October City
Tel #	(20-2) 35362052
Fax #	(20-2) 35362053

Helwan Governorate

Branch Name	Degla Branch - Maadi
Branch Full address	1-B 256 Street; Degla, Maadi, Cairo
Tel #	(20-2) 25195238
Fax #	(20-2) 25162017

Alexandria Governorate

Branch Name	Smouha Branch
Branch Full address	35(Repeated) Victor Ammanouil Square; Alexandria
Tel #	(20-3) 4245888
Fax #	(20-3) 4244510

Branch Name	El Sultan Hussein Branch
Branch Full address	33 El Sultan Hussein St. , azarita, Alex
Tel #	(20-3) 4869249
Fax #	(20-3) 4877198

Branch Name	Miami Branch
Branch Full address	Street # 4 , 489 - Montazah Division - Miami, Alexandria
Tel #	(20-3) 5505210
Fax #	(20-3) 5505136

Branch Name	Gleem Branch
Branch Full address	1 Mostafa Fahmy St. , Gleem , Alexandria
Tel #	(20-3) 58 255 86
Fax #	(20-3) 5825867

Daqahlia Governorate

Branch Name	Mansoura Branch
Branch Full address	x26 Saad Zaghloul St. Toreil , Mansoura
Tel #	(20-50) 2309781
Fax #	(20-50) 2309782

Gharbia Governorate

Branch Name	Tanta Branch
Branch Full address	Intersection of El-Geish Street & El-Nahda Street, Tanta
Tel #	(20-40) /3403306
Fax #	(20-40) 3403100

Red Sea Governorate

Branch Name	Gouna Branch
Branch Full address	Service Area # Fba-12e; "El Balad" District; Guna.Hurghada.
Tel #	(20-65) 3580096
Fax #	(20-65) 3580095

Branch Name	Sheraton Road Branch - Hurghada
Branch Full address	23 Taksim El Hadaba El Shamaleya, 167 Sheraton Road, Hurghada.
Tel #	(20-65) 3452020
Fax #	(20-65) 3452023

South Sinai Governorate

Branch Name	Hadabet Om El Sid Branch - Sharm ElSheikh
Branch Full address	Plot 28 – Hadabet Om El-Sid Pyramids mall, Sharm El- Sheikh
Tel #	(20-69) 3604514
Fax #	(20-069) 3666028

Branch Name	Naema Bay Branch - Sharm El-Sheikh
Branch Full address	207 Rabwet Khaleeg Neama – Sharm El- Sheikh
Tel #	(20-69) 3629935
Fax #	(20-69) 3604520

ATMs Network locations by Governorate

ATM Name	Address
	Cairo Governorate
AlAhram	Al Galaa Street, Al Ahram Building, Cairo
Mokatam	Plot # 6034, Street 9, Mukattam, Cairo
Wadi Degla Club	Zahra El Maadi Wadi Degla Club
Makram Eibad	1 Makram Ebeid Street, Nasr City, Cairo
Exxon Mobil- El Zohour	Exxon Mobil - Al-Zohour, infront of El Zohour Club Nasr City
On the Run – JW Marriot	JW Marriot – Katamaia
Exxon Mobil - El-Tagemoe El-Khames	Exxon Mobil - El-Tagemoe El-Khames -Behind Mogamee Al Mahakem Al Gedida - New Cairo
Beirut	54 Demeshk Street, Heliopolis, Cairo
On the Run – Roxy	72 EL-Khalifa Ma'amoun - Helioplis
Shoubra	128 Shoubra Street, Shoubra, Cairo
Shams Club	17 Abdel Hamid Badawy Street, Heliopolis, Cairo
Masaken Sheraton	11 Khaled Ibn El-Waleed Street, Masaken Sheraton, Cairo
On the Run – EL-Rehab	El-Rehab City - Entrance No. 13
Exxon Mobil - Nasr City - FBI	Exxon Mobil - FBI -Autostade road
El Tahrir	94 Tahrir street, Dokki, Giza
Abbasia	109 Abbassia Street, Cairo
El-Sawameh (off site)	1 El-Sawah Square , Saraya El-Kouba
El-Obour	Golf City , Obour City , Shops 43,44,45
Exxon Mobil - Gesr El Suez	Exxon Mobil - Gesr El Suze 19, start of Cairo Ismailia Road, Cairo, facing El Herafeen
Triumph	Intersection of Othman Ibn Affan St. end Mohamed Adly Kafafi, Heliopolis
On the Run – Mobil El-Nozha	66 El Nozha Street, Almaza, Cairo.
Tharwat	42 Abd El Khalek Sarwat Street
Salah Salem	15 Salah Salem Street
City Stars	City Stars Mall Gate 1 After security entrance
Garden City	1 Aisha El-Taymoria Street, Garden City – Cairo

Giza Governorate

Mossdak	56 Mossadak Street, Dokki, Giza, Cairo
Dokki	104 El Nile Street, Dokki, Giza, Cairo.
On the Run – Dokki	50 El-Giza street, in front of Sheraton Al-Qahera , Dokki
Lebanon	60 Lebanon Street, Lebanon Square, Mohandessin, Cairo
Samcrete - El-Haram	8 El Mansouria Road, El Haram, next to Koki Park
El-Batal	44 El-Batal Ahmed Abdel-Aziz Street, Mohandessin, Cairo
KODAK EL-HARAM	23 Abu Al Hawl square, Haram - Giza
On the Run – Gameat El-Dowal	63 Gameet EL Dowal El Arabie
On the Run – Manial	59 El Manial Street, Cairo
Exxon Mobil - El-Manial	Exxon Mobile El-Manial , 59 El-Manial st
Exxon Mobil - El-Zaeem	Haram St. Beside Zaeem Theater

Sixth of October Governorate

6 of October	Plot # 2/23 - Central District - 6th of October City
Sheraton Dreamland	Sheraton dream 6th of October City
Hyper One	Hyper one mall - Sheikh Zaid - 6th of October City
Pyramids Heights - 1	Km 22 Cairo-Alex Desert Road , Pyramids Heights office park , 6th of October City, Egypt.
Pyramids Heights - 2	Km 22 Cairo-Alex Desert Road , Pyramids Heights office park , 6th of October City , Egypt.
Union Air 1	6th of October City 3rd industrial zone piece no.609
Union Air 2	6th of October City 3rd industrial zone piece no.609
Hazem Hassan Co.	Km 22 Cairo-Alex Desert Road , Pyramids Heights office park October, Egypt.

Helwan Governorate

Maadi	1-B, 256 Street, Degla, Maadi, Cairo
Exxon Mobil	El-Bassatine- Elgazair Str. Gazyer St New Maadi

Alexandria Governorate

El Sultan Hussein	33 El Sultan Hussein Street, Alexandria
City Center Alexandria	City Center Alex -Gate 3 After securtity entrance on the right
Samouha	35 Victor Ammanouil Square, Smouha, Alexandria
On the Run – Roshdy	461 EL-Houria st
Miami	4 st, 489 - montazah division - alexandria
Gleem	1 Mostafa Fahmy St. , Gleem , Alexandria
Exxon Mobil - Alex Center (Smouha)	14th of May road in front of Alex Medical Center, Smouha, Alexandria.

Daqahlia Governorate

El-Mansoura	26 Saad Zaghloul St. Toreil , Mansoura

Gharbia Governorate

Tanta	Intersection of El-Gueish & El-Nahda Streets, City TANTA

Red Sea Governorate

Gouna	Service Area # Fba-12e, El-Balad District, Gouna, Hurghada
Bustan Mall – El Gouna	Al Bustan Mall, El Gouna, Hurghada.
Sheraton Road	23 Taksim El Hadaba El Shamaleya, 167 Sheraton Road, Hurghada.

South Sinai Governorate

Pyramids Mall Sharm	Plot 28 – Hadabet Om El-sid – , Sharm El Sheikh
Casino – Sharm El-Sheikh	Mercato, Sharm El Sheikh
Neama Bay – Sharm	207 Rabwet Khaleeg Neama – Sharm Elsheikh
Hilton Dreams - Sharm El-Sheikh	Hilton Dreams Hotel – Sharm Elsheikh

Sharkeya Governorate

El-Nasagoon El Sharkyon - 1	Oriental Weaver Factory (10th of Ramadan)
El-Nasagoon El Sharkyon - 2	Oriental Weaver Factory (10th of Ramadan)

Monofia Governorate

Almatex - Sadat City	Almatex - Sadat City
Egyptian Spinning Company - Sadat	Egyptian Spinning Company - Sadat


Bank Audi

Bank Audi sae Head Office


The Result of Hard Work