

National Bank for Development (S.A.E.)

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 December 2009
AND AUDITORS' REPORT Thereon**

Independent Auditors' Report

To: The Shareholders of National Bank for Development S.A.E

Report on the Financial Statements

We have audited the accompanying financial statements of the National Bank for Development S.A.E, represented in the balance sheet as of December 31st, 2009 and the related income statement, change in equity, and cash flow for the year ended December 31st, 2009 and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the Financial Statements:

The financial statements are the responsibility of the Banks management. Management is responsible for preparation and fair presentation of these financial statements, in accordance with the instructions of preparation and presentation of financial statements for Egyptian banks' issued by the Central Bank of Egypt on December 16th, 2008, as well as with relevant Egyptian laws and regulations. Management's responsibility include designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements, that are free of material misstatement whether due to fraud or error. Management's responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibilities:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian standards on auditing and applicable Egyptian laws. These standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance that the financial statements are free from material mis-statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditors consider internal control relevant to the entities preparation and fair presentation of the financial statements in order to design the 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. The audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management and evaluating the overall presentation of the financial statements.

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

Bases for our qualified report:

- 1- Loan Loss provision shortfall, based on the data made available to us, has amounted to LE 1.7bn as of December 31st 2009 (2008: LE 2.4bn) as described in note no. 10 of the financial statements.
- 2- Tax provision shortfall as of December 31st, 2009 has amounted to LE 54mn (2009: LE 78mn as described in note no. 34 of the financial statements.

Qualified Opinion:

In our opinion, except for the effect on the financial statement, referred to in the previous paragraph, the financial statements give a true and fair view, in all material aspects of the financial position of National Bank for Development S.A.E and of its financial performance, cash flows for the year then ended in accordance with the instructions of the preparation and the presentation of financial statements of the Egyptian Banks issued by the Central Bank of Egypt on December 16th, 2008, as well as with relevant Egyptian laws and regulations .

Emphasis of matter

Without qualifying our report, we draw your attention to note (2-b) of the financial statements, stating that the Bank's accumulated losses have reached LE 1,525mn which exceeds half of the paid-in capital (2008: LE 1,068mn). The financial statements have been prepared based on the going concern principal on the assumption that the Bank's shareholders commitment to provide the required funds to the bank. In accordance to article no. 69 of the companies Law No. 159 of 1981, shareholders extraordinary general assembly meeting should be held to decide the continuity of the Bank.

Report on other Legal and Regulatory Requirements:

Nothing has come to our attention that causes us to believe that the Bank contravened any of the provisions on the Central Bank, Banking & Monetary System Law No. 88 of 2003 for the year then ended.

The Bank maintains proper accounting records that comply with the laws & the Banks Articles of Association & the financial statements agree with the Bank's records.

The financial information included in the board of director's report, prepared in accordance with Law no. 159 of the year 1981 and its executive regulations, is in agreement with the box of the Bank in so far as such information is recorded therein.

Auditors**Mohamed Salah Abo Tabl**FESAA – FEST
R.A.A (4434)**Allied for Accounting and Auditing E&Y****Taha Mohamed Khaled**FESAA - FEST
R.A.A (5136)**BDO & CO**

Cairo , 7th April 2010

Statement of Financial Position as at December 31, 2009

	Note No	<u>December 31st, 2009</u>	<u>December 31st, 2008</u>
<u>Assets</u>			
Cash and due from Central Bank of Egypt (CBE)	(5)	342,594,328	401,294,656
Due from banks	(6)	3,627,864,405	2,880,875,163
Treasury bills	(7)	968,573,066	903,637,184
Investments held for trading	(8)	--	54,073
Loans and credit facilities to customers, net	(9/1)	2,217,023,571	3,241,786,348
Islamic facilities to customers, net	(9/2)	1,274,033,599	611,246,127
<u>Financial Investments:</u>			
-Available for sale	(11/1)	505,191,424	349,674,667
-Held to maturity	(11/2)	33,633,620	32,879,660
Investments in associates & subsidiaries	(12)	266,728,440	127,419,927
Intangible assets	(15)	1,363,248	--
Other assets	(13)	411,852,897	418,367,800
Deferred tax assets	(16)	310,860,850	--
Fixed assets, net	(14)	49,561,516	67,046,706
Total assets		<u>10,009,280,964</u>	<u>9,034,282,311</u>
<u>Liabilities and Shareholders' Equity :</u>			
<u>Liabilities :</u>			
Due to banks	(17)	8,524,774	4,097,702
Customers' deposits	(18)	9,400,498,878	8,286,013,200
Long term loans	(20)	937,763	1,417,730
Other liabilities	(19)	92,736,834	136,056,598
Other provisions	(21)	35,491,908	80,427,107
Total liabilities		<u>9,538,190,157</u>	<u>8,508,012,337</u>
<u>Shareholders' Equity:</u>			
Issued and paid-up capital	(22)	1,750,000,000	1,500,000,000
Paid under capital increase	(22)	130,340,899	--
Reserves	(23)	116,463,586	93,840,914
Retained losses		(1,525,713,678)	(1,067,570,940)
Total Shareholders' Equity		<u>471,090,807</u>	<u>526,269,974</u>
Total Liabilities and Shareholders' Equity		<u>10,009,280,964</u>	<u>9,034,282,311</u>
<u>Contingent Liabilities & commitments</u>	(35/2)	<u>507,382,240</u>	<u>634,874,140</u>

Chief Executive Officer & Managing Director
 Nevine Loutfy

Chairman
 Mohamed Taymor

CFO
 Michael Murray

Income Statement
For the year ended December 31st, 2009

	Note No	<u>December 31st, 2009</u>	<u>December 31st, 2008</u>
Profit on loans and similar income	(24)	509,138,630	522,012,114
Interest on deposits and similar expense	(25)	(481,824,498)	(539,382,767)
Net interest income		27,314,132	17,370,653
Fees and commission income		44,334,145	57,247,783
Fees and commission expense		(2,648,623)	(244,818)
Net fees and commission income		41,685,522	57,002,965
Dividend income	(26)	7,992,333	6,492,145
Net trading income	(27)	6,365,262	5,525,102
Gain from financial investments	(11)	22,416,552	17,097,368
Impairment losses	(29)	(736,226,953)	(570,511,195)
HTM Impairment Loss / Reverse of HTM Impairment Loss	(11/2)	955,500	(2,527,750)
Administrative expenses	(30)	(222,084,446)	(143,989,435)
Other operating income (expenses)	(28)	82,578,510	(90,589,582)
Loss before tax		(769,003,588)	(738,871,035)
Deferred Tax	(16)	310,860,850	--
Net Loss for the period		(458,142,738)	(738,871,035)
Loss per share	(38)	(2.85)	(6.11)

Statement of Changes in Shareholder's Equity
For the year ended December 31st, 2010

	Capital	Paid Under Capital Increase	Legal Reserve	General Reserve	Special Reserve	AFS Investments F.V.Reserve	Retained Earnings	Total
Balance at December 31st 2007	1 000 000 000		22,878,187	15,062,161	17,165,099	48,067,267	(328,699,905)	774,472,809
Net Loss for the year	--	--	--	--	--	--	(738 871 035)	(738 871 035)
Surplus In Share's Subscription Fess	--	--	--	15,028,340	--	--	--	15,028,340
Change of Fair Value for AFS investments	--	--	--	--	--	(24 360 140)	--	(24 360 140)
Capital increase	500 000 000	--	--	--	--	--	--	500 000 000
Balance at December 31st 2008	1 500 000 000	--	22 878 187	30 090 501	17 165 099	23 707 127	(1 067 570 940)	526 269 974
Change of Fair Value for AFS investments	--	--	--	--	--	16,441,627	--	16,441,627
Capital increase	250 000 000	--	--	--	--	--	--	250 000 000
Surplus In Share's Subscription Fess	--	--	--	6 181 045	--	--	--	6 181 045
Paid under Capital Increase	--	130 340 899	--	--	--	--	--	130 340 899
Net Loss for the Year	--	--	--	--	--	--	(458 142 738)	(458 142 738)
Balance at December 31st 2009	1 750 000 000	130 340 899	22 878 187	36 271 546	17 165 099	40 148 754	(1 525 713 678)	471 090 807

Statement of Cash Flows
For the year ended December 31st, 2009

	<u>December 31st, 2009</u>	<u>December 31st, 2008</u>
Operational activities		
Loss before tax	(769,003,588)	(738,871,035)
Non cash adjustment to reconcile loss before tax to cash flows from operating activities:		
Depreciation & Amortization	10,567,417	9,262,806
Provisions	736,226,958	570,511,195
MTM of Assets held for trading	--	5,910,449
Impairment Loss (reverse) of HTM	(787,695)	6,845,945
Usage from provisions other than Loans provision	(161,994,301)	(15,626,023)
Foreign currency revaluation of other provisions	299	--
Gains on sale of fixed assets	(177,347,817)	(62,825)
Profit of sale of financial Investment	(22,584,357)	(23,441,114)
Operating loss prior changes in assets and liabilities utilized in operational activities	(384,923,084)	(185,470,602)
Net decrease /increase in assets & liabilities		
Due from banks	(733,978,116)	(652,131,671)
Treasury bills	(74,935,882)	(219,550,000)
Assets held for trading	54,073	29,198,565
Available for sale Assets	(114,582,606)	107,513,792
Loans to customers	(160,986,658)	68,448,816
Other assets	(89,691,135)	76,164,068
Due to banks	4,427,072	3,600,513
Customers' deposits	1,114,485,678	(143,473,407)
Credit balances and other liabilities	(107,945,756)	79,301,652
Net cash flows resulting from (Used in) operating activities (1)	(548,076,414)	(836,398,274)
Cash flows from investing activities		
Payments for the purchase of fixed assets	(14,312,857)	(12,779,783)
Proceeds from sale of fixed assets	197,382,041	62,825
Payments for the purchase of investments in subsidiaries & associates	(128,364,188)	--
Proceeds from sale investments Held to maturity	200,701	13,850
Proceeds from sale investments in associates	57,621,330	66,695,504
Net cash flows used in) / resulting from investing activities (2)	112,527,027	53,992,396
Cash flows from financing activities		
Paid under Capital Increase	380,340,899	500,000,000
Long term financing	(479,967)	(480,590)
Net cash flows resulting from financing activities (3)	379,860,932	499,519,410
Net increase (decrease) in cash and cash equivalents during the year (1+2+3)	(55,688,455)	(282,886,468)
Cash and cash equivalents at the beginning of the year	450,348,671	733,235,139
Cash and cash equivalents at the end of the year	(32) 394,660,216	450,348,671
Cash and cash equivalents at end of year are represented in :		
Cash and due from Central Bank of Egypt	342,594,328	401,294,656
Due from banks	3,627,864,405	2,880,875,163
Treasury bills	968,573,066	954,125,000
Due from banks (deposits matured more than 3 months)	(3,575,798,517)	(2,841,821,148)
Treasury bills with maturity more than 3 months	(968,573,066)	(944,125,000)
Cash and cash equivalents at end of the year	394,660,216	450,348,671

Notes to the Financial Statements

For the financial year ended December 31st, 2009

1. Background

National Bank for Development was established as an (S.A.E) in 1980 and in accordance with Investment Law no 43 of 1974 and its executive regulations and the amendments thereon. The bank provides all banking services related to its activities of corporate, retail and investments, through its head office located in Cairo and its 68 branches and the head office is located in 5A El Borsa Elgededa St. – Cairo.

As per the Extraordinary General Assembly meeting dated 3 September 2007, an approval is being taken to amend the name of “National Bank for Development” to “Abu Dhabi Islamic Bank - Egypt”. The name will be amended after converting the Bank’s activity to be Shari’a compliant in accordance with Shari’a standards.

On April 1st, 2010, the financial statements as of December 31st, 2009 were approved by the Bank’s board of directors.

2. SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Preparing Financial Statements

The financial statements are prepared in accordance with the Central Bank of Egypt regulations on June 27, 2002 and its adjustments, including the adjustments for the financial investments issued December 16, 2008 and with the requirements of related applicable Egyptian laws and regulations. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through the profit & loss, available for sale financial assets .

B) Significant Accounting Principle:

Although accumulated losses were LE 1,525mn at December 31st, 2009 (2008: LE 1,068mn), which exceeds the paid up capital in addition to the effect of the shortfall of loan loss provision and tax provisions, the financial statements have been prepared on the going concern basis as shareholders undertake to continue providing financial support to the Bank.

As per article no. 69 of company’s law no. 159 for year 1981, an Extraordinary General Assembly meeting will be held to approve the Bank’s continuity as a going concern.

C) Transactions in Foreign Currencies

The Bank’s accounting records are maintained in Egyptian pounds. Transactions in other foreign currencies are recorded at rates of exchange ruling at the value on the transaction date. Monetary assets and the liabilities in foreign currencies are revaluated into Egyptian pounds at the rates of exchange ruling at the balance sheet date. Any resultant gain or loss is then recorded in the income statement as follows:

- Net trading income for trading assets and liabilities or net income from financial instruments designated at fair value through profit or loss for instruments designated at fair value through profit or loss.
- Other Operating income (expense) for the rest of items.
- Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortization costs are recognized in the income statement, and other changes in the carrying amount are recognized in equity , (fair value reserve - investments available for sale).
- Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available for sale financial assets, are included in the fair value reserve in equity.

D) Revenue recognition

Interest income is recognized on accrual basis except for the interest income on non performing loans, which ceases to be recognized as revenue when the recovery of interest or principle is in doubt , dividends form shares and mutual funds certificate are recognized as revenue at declarations of this dividends.

E) Treasury and other government discounted bills

Treasury bills are recorded at face value upon purchase. The issuance discount which represents the unearned interest on treasury bills other government discounted bills is recorded in other liabilities. Treasury bills are disclosed in the balance sheet deducted from it the unearned interest.

F) Financial Assets

The bank records the financial assets within the following groups:

- Financial assets by fair value through profit or loss.
- Investment held to maturity
- Investments available for sale.

The management classifies its investments on the first recognition.

F-1 Financial assets by fair value through profit or loss

This group contains the financial assets held for trading and the financial assets by fair value through profit or loss.

- A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling in the near future or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.
- In all cases the bank should not reclassify any financial instrument into financial instrument measured at fair value with changes through profit and loss or to the held for trading investments.

F-2 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. All held to maturity financial investments are reclassified as available for sale in case of sale of significant amounts – except in emergency cases.

F-2 Investments Available For Sale

- Investments Available For Sale represents non-derived financial assets with an intension to hold them for a unlimited period, and could be sold because of the liquidity needs or the because of the changes in the interest rates, exchange rates, or in the share prices.

The following are applied for the financial assets:

- Regular-way purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognized on trade-date, the date on which the Bank commits to the purchase or selling the asset.
- Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement in net trading income.
- Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished – that is, when the obligation is discharged, cancelled or expired.
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- Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost.
- Gains and losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are included in the income statement in the period in which they arise, Gains and losses arising from changes in the fair value of available for sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired. At this time, the cumulative gain or loss previously recognized in equity is recognized in income statement.
- Monetary assets’ interest/profit income is recognized based on the amortized cost method in the income statement. The foreign currency revaluation differences related to available for sale investments are recognized in the income statement. Available for sale equity instruments related to dividends are recognized in the income statement 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, and if the Bank could not assess the value of the equity classified as available for sale, these instruments should be valued at cost after deducting the impairment in value.
- Debt instruments can be reclassified from the available for sale investments to held to maturity investments at fair value when the Bank has the intention and ability to hold to maturity including

loans and bonds. Any related profit and loss that were previously recognized are treated as follows:

- i. Financial assets with fixed or determinable payments and fixed maturity is valued at amortized cost, using the effective interest method in case of impairment the profit/interest and loss that have been previously recognized directly in equity is removed from equity and recognized in the income statement.
- ii. Profit and loss related to financial assets without fixed or determinable maturity are held in equity till sale or disposal of the asset then removed from equity and recognized in the income statement. In case of impairment the profits and losses that have been previously recognized directly in equity are removed from equity and recognized in the income statement.

G) Investment in Subsidiaries & Associates Companies :

- Investment in subsidiary and associated companies is recognized on the cost basis, in case of impairment of its fair value against the book value at each investment this impairment will be classified in Gain (loss) of financial investment in the income statement, just in case the fair value have grown up again to classified this reverse on the above mentioned item in the income statement regarding pervious financial periods.
- Includes the following :
 - Investment in capital for companies where the Bank holds more than 50% of voting and has significant influence in the power to participate in the financial and operating policies.
 - Investment in capital for companies where the Bank owns either directly or indirectly enough shares to influence the financial and operating policies of the company, whilst not reaching control

H) Impairments of financial assets:

H-1 Investment Held to Maturity (Bonds):

- The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of assets is impaired. A financial asset or a portfolio of assets is impaired and impairment losses is incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ('a loss event') and that loss event or events has had an impact on the estimated cash flows of the financial asset or the portfolio of financial assets that can be reliably estimated.
- Objective evidence that a financial asset or a portfolio of financial assets is impaired includes observable data that comes to the attention of the Bank about the following loss events:
 - Significant financial difficulty of the issuer or the obligor.
 - It becomes probable that the borrower will enter bankruptcy or liquidation.

H-2 Investment Available for sale:

- At each balance sheet date, the Bank assesses whether there is objective evidence that any financial asset or group of financial assets that are classified as available for sale has been impaired. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence of impairment.

I)-Assets reverted to the bank in settlement of customer debts:

The assets reverted to the bank are classified in the balance sheet included in other assets item by the fair value which reverted to the bank with , any impairment for the fair value for such assets in the balance sheet date are recognized in the income statement . And if the fair value increases the impairment is reversed within only the amount charged before on the income statement.

J) Provision for Loans, Islamic Finance and Contingent Liabilities

A provision for specific loans and contingent liabilities is formed, in addition to a provision for general risk is computed as a percentage of total loans and contingent liabilities after excluding cash deposits and bank guarantees, Also a percentage of 25% of commercial guarantees and 50% of real estate guarantees which adhere to Central Bank of Egypt regulations. These provisions are calculated in the light of the management experience and regular detailed studies of loans and contingent liabilities; the provision percentage is calculated in the light of the applicable rules and regulations of the Central Bank of Egypt.

- Loans are written off, when it is no longer feasible to collect such loans, by debiting the provision, any proceeds of bad debts previously written-off are added thereto.

K) Contingent Liabilities and Commitments

Contingent Liabilities and commitments in which the bank is involved in addition to the other commitment are recorded off balance sheet under the title "Contingent Liabilities and Commitments "as it does not represent actual bank's assets or liabilities at the balance sheet date.

L) Cash and Cash Equivalents

For the purpose of preparation of cash flow statement, cash and cash equivalent items include balances of cash & due from banks and current account balances deposited at the Central Bank, in addition to treasury bills which maturity is within three months from the purchase date .

M) Depreciation

Fixed assets are depreciated except for the lands using straight line methods using reasonable depreciation rates being determined on the basis of the estimated useful life for each asset:

<u>Type of Asset</u>	<u>Estimated Useful Lives</u>
Premises	20
Integrated automated systems	5
Transportation means	5
Installations	20
Equipment and machinery	8
Furniture	10

N) Income Tax

The current tax payable is calculated according to the prevailing rules and regulations applied in Egypt.

O) Deferred tax

Deferred tax arises from temporary differences resulting from reporting the value of assets and liabilities in one period for tax purpose, and in another period for financial accounting purpose. Deferred tax is determined based on the method used to realize or settle the current values of these assets and liabilities, using the tax rates prevailing as of the balance sheet date.

Deferred tax is recognized as bank's assets to the extent it is probable to use this asset to reduce the Bank's due tax during the future years. Deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered in the next years.

P) Impairment of non financial assets:

At each balance sheet date, non-financial assets for which an impairment loss is recognized shall be reviewed to assess whether or not such impairment losses should be reversed through profit or loss.

Impairment loss is recognized and the carrying amount of an asset is reduced to the extent that such carrying amount exceeds the asset's recoverable amount.

Q) Operating Lease:

As for leasing contracts the expense of rent is recognized, in addition to maintenance expenses, as expenses in the under Income statement.

R) Intangible Assets :

Intangible assets include computer software and the related License.

Intangible Assets are recognized by amortized cost and depreciated using straight line method on the basis of the estimated useful life for each asset.

3 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

3-1 Financial Instruments

(a) The bank's financial instruments are represented in the financial assets and liabilities. The financial assets include cash, current accounts, deposits, due from banks, investments , loans to customers and other assets. The financial liabilities include customers' deposits, due to banks and other liabilities. Financial instruments also include rights and obligations stated under "contingent liabilities and commitments".

Note (2) Discloses the accounting policies applied to measure and recognize significant financial instruments and the revenues and expenses related thereto.

(b) Forward Contracts

According to Central Bank of Egypt instructions, the bank does not execute forward contracts except for the necessary limit of short term transaction to cover its needs of foreign currencies or

the bank's customers' needs to fulfill their obligations resulting from short term transactions, all transactions are characterized by short term.

3-2 Risk Management

(a) Interest Rate Risk

The values of some financial instruments fluctuate due to the fluctuation in interest rates related thereto. The bank follows some procedures to minimize this risk such as:

- Correlating between the interest rate on borrowing and lending.
- Determining the applied interest rate in consideration with the prevailing discounted rates on various currencies.

Notes no. (33) of the notes to the financial statements present the average interest rates, applied by the bank through the year on the financial assets and liabilities, as also represent the maturities of these financial assets and liabilities.

(b) Credit Risk

Loans to customers & banks, bond investments, current accounts and rights and others' obligations stated in contingent liabilities are of the financial assets which can be exposed to the credit risk represented in customer's inability to repay a part or full amount of the loan granted to them at maturity.

The bank adopted the following procedures to minimize the credit risk:

- Preparing credit studies for the customers & banks before dealing with them and determining the credit risk rates related thereto.
- Obtaining the adequate guarantees in order to reduce the risks that might be created in case of failing of customers or banks.
- Following up and continuous studies about customers and banks in order to evaluate their financial & credit positions and estimate the required provisions needed to non – performing loans.
- Distribution of loans portfolio and due to banks over various sectors to avoid any centralization of risk.

Note (35) discloses the distribution of loans portfolio and other assets on various sectors.

(c) Fluctuations of Foreign Currency Risk

The nature of the bank's activity requires it to deal in many foreign currencies, which expose the bank to the risk of fluctuation in foreign exchange rates. To minimize this risk, the bank monitors the balancing of foreign currencies positions according to the Central Bank of Egypt instructions in that respect.

Note no. (36) of the notes to the financial statements discloses the significant foreign currencies positions

2 Critical accounting estimates and judgments

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

a) Impairment of available for sale equity investment

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

If the decrease in the fair value to lower than the cost is considered material or extended so the bank will suffer additional loss amounted to EGP 503,248 represent transferring the total fair value reserve to the statement of income.

b) Held-to-maturity financial Investments.

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

5. Cash and Due from Central Bank of Egypt

	Value in LE thousands	
	31/12/2009	31/12/2008
Cash	118,731	126,838
Due from Central Bank of Egypt (within the required reserve percentage)	223,863	274,457
Total	342,594	401,295

6. Due From Banks

	Value in LE thousands	
	31/12/2009	31/12/2008
A. <u>Central Bank of Egypt</u>		
Local Deposits	1,950,000	2,435,000
Foreign Deposits (within the 10% reserve of Customer foreign currency Deposits)	59,610	60,800
	2,009,610	2,495,800
B. <u>Local Banks</u>		
Current accounts	20,367	12,752
Deposits	1,497,572	218,931
	1,517,939	231,683
C. <u>Foreign Banks</u>		
Current accounts	31,699	26,302
Deposits	68,616	127,090
	100,315	153,392
Total	3,627,864	2,880,875

7 - Treasury Bills

	Value in LE thousands	
	31/12/2009	31/12/2008
Treasury bills - maturity 91 days	--	10,000
Treasury bills – maturity 182 days	621,750	508,250
Treasury bills – maturity 273 days	241,750	128,425
Treasury bills – maturity 364 days	137,625	307,450
Less:	1,001,125	954,125
Unearned interest	(32,552)	(50,488)
Total	968,573	903,637

8. Financial assets held for trading

	Value in LE thousands	
	<u>31/12/2009</u>	<u>31/12/2008</u>
Equity Shares	-	54

9 – Loans & Islamic Finance to Customers

	Value in LE thousands	
	<u>31/12/2009</u>	<u>31/12/2008</u>
9/1- Loans to customers		
Loans	4,658,834	5,128,606
Less:		
Loan loss provision	(1,948,671)	(1,395,368)
Reserved Interest	(460,128)	(459,739)
Deferred profit	(33,011)	(31,713)
Loans to Customers (Net of Provision)	<u>2,217,024</u>	<u>3,241,786</u>

	Value in LE thousands	
	<u>31/12/2009</u>	<u>31/12/2008</u>
9/2- Islamic Finance to customers		
Islamic Finance	1,730,988	883,635
Less:		
Islamic Finance Loss provision	(158,309)	(159,039)
Reserved Interest	(68,676)	(61,770)
Deferred profit	(229,969)	(51,580)
Islamic Finance (Net of Provision)	<u>1,274,034</u>	<u>611,246</u>

10- Loan Loss Provision

	31 December 2009		
	<u>Specific</u>	<u>General</u>	<u>Total</u>
Provision at the beginning of the year	1,526,318	28,089	1,554,407
Providing during the year	582,229	6,276	588,505
Transfer from General Provision	1,746	(1,746)	-
Recoveries during the year	65	-	65
Foreign currencies' revaluation differences	(1,744)	-	(1,744)
Amounts used during the year	(34,253)	-	(34,253)
Provision balance at the end of the year	<u>2,074,361</u>	<u>32,619</u>	<u>2,106,980</u>

Distributed as follows:

Loan loss provision	1,948,671
Islamic Finance Loss provision	<u>158,309</u>
Total	<u>2,106,980</u>

	31 December 2008		
	Specific	General	Total
Provision at the beginning of the year	1,214,457	59,244	1,273,701
Providing during the year	500,000	-	500,000
Transfer from General Provision	31,155	(31,155)	-
Recoveries during the year	330	-	330
Transfer from other liabilities	81	-	81
Transfer to Contingent Liabilities Provision	(1,427)	-	(1,427)
Foreign currencies' revaluation differences	(565)	-	(565)
Amounts used during the year	(217,713)	-	(217,713)
Provision balance at the end of the year	<u>1,526,318</u>	<u>28,089</u>	<u>1,554,407</u>

Distributed as follows:

Loan loss provision	1,395,368
Islamic Finance Loss provision	<u>159,039</u>
Total	<u>1,554,407</u>

The bank's management will continue to provide the impairment loss till the end of year 2012 to cover the shortage in impairment loss provision amounting to LE 1.7bn as of 31 December 2009 (LE 2.4bn: 31 December 2008) according to agreement with CBE which obligates the bank to provide minimum LE 500mn annually till 2012.

11- Financial Investments

11/1 Available for Sale financial Investments

	Value in LE thousands	
	<u>31/12/2009</u>	<u>31/12/2008</u>
<u>Debts Instruments - at fair value</u>		
Listed	421,678	314,184
<u>Equity Instruments - at fair value</u>		
Listed	83,226	35,204
Not Listed	287	287
Total Available for Sale financial investments (1)	<u>505,191</u>	<u>349,675</u>

11/2 Held to Maturity Investments

<u>Debts Instruments - at amortized cost</u>		
Listed	27,570	27,772
Sanabel Fund	6,064	5,108

National Bank For Development (S.A.E)
 Financial Statement and Explanatory notes
 For the period ended December 31st, 2009

Translation of Financial Statements originally issued in Arabic

Total Held To Maturity Investments (2)	<u>33,634</u>	<u>32,880</u>
Total Financial Investment (1)+(2)	<u>538,825</u>	<u>382,555</u>

Categorized as follows:

	Value in LE thousands	
	<u>31/12/2009</u>	<u>31/12/2008</u>
Current	532,474	377,160
Non Current	6,351	5,395
	<u>538,825</u>	<u>382,555</u>
Fixed Income debt instruments	421,678	314,184
Variable Income debt instruments	27,570	27,772
Variable Income equity instruments	89,577	40,599
	<u>538,825</u>	<u>382,555</u>

Financial Instruments' Movements During the year are as Follows:-

Value in LE thousands

	Financial Investment AFS	Financial Investment HTM	Total
Beginning balance as of 1 st January , 2009	349,675	32,880	382,555
Additions	1,086,370	--	1,086,370
Transfer from Inv. In Associate & Subs.	18,840	--	18,840
Disposals (sales/redemption)	(965,624)	--	(965,624)
Foreign currency revaluation difference	(512)	(142)	(654)
Change in the fair value	16,442	(60)	16,382
impairment loss reverse	--	956	956
Balance at 31st December 2009	<u>505,191</u>	<u>33,634</u>	<u>538,825</u>
	Financial Investment AFS	Financial Investment HTM	Total
Beginning balance as of 1 st January , 2008	481,287	35,421	516,708
Additions	192,628	--	192,628
Disposals (sales/redemption)	(299,876)	(10)	(299,886)
Foreign currency revaluation difference	(4)	(4)	(8)

Change in the fair value	(24,360)	--	(24,360)
Impairment loss	--	(2,527)	(2,527)

Balance at 31st December 2008	349,675	32,880	382,555
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11/3 Gain From financial Investments:

	Value in LE thousands	
	<u>31/12/2009</u>	<u>31/12/2008</u>
1		
Gain on sale of investments available for sale	18,311	262
Gain on sale of Investment in subsidiaries & associates	4,273	21,153
Impairment Loss in Investment in subsidiaries & associates	(167)	(4,318)
Total Available for Sale financial investments (1)	538,825	382,555

11/4 Mutual Fund Certificates (Sanabel):

The investments held to maturity include the Bank's investment in Sanabel mutual fund in association with ABC bank, managed by Prime for Investment.

The number of the certificates has reached LE 2,527,744 with a nominal value of LE 252,774,400 and the Bank's share is LE 75,000 certificates with a par value of LE 100. The acquisition cost amounted to LE 7,635,000.

12- FINANCIAL INVESTMENT IN SUBSIDIARIES AND ASSOCIATES (Net)

	Value in LE thousands			
	<u>31/12/2009</u>		<u>31/12/2008</u>	
	Value	Share %	Value	Share %
National Cristal & Glass Company	163,593	88.3	-	-
Total Subsidiary Companies (1)	163,593		-	-
National Company for Seeds Production	--	--	9,848	50
National Company for Trading and Development	19,206	38.08	19,334	40.29
Assuit Islamic National for Trading and Development	22,375	39.91	22,374	39.91
Cairo National Company for Investment	42,944	39.95	42,944	39.95
Upper Egypt for Contracting and Construction	1,950	40	1,950	40
National Company For Maize Products(*)	--	--	20,962	10
Real Estate Company for National Banks	--	--	3,170	40
National Assuit Company for Chickens & eggs	179	8.95	179	8.95
Sharkia National Co. For Trading & Development	501	24.75	501	24.75
Youth Company for Investment & Development	4,629	9.39	4,629	9.39
Cairo National Company for Brokerage & Securities	538	32	538	32
North Egypt for Contracting and Construction	1,024	20	1,024	20
Alexandria National Company for Financial Investments	2,181	9.04	2,181	9.04
Egyptian Co. For Credit Investigation	2,094	4.64	2,094	4.64
Arab Mashriq Company for Takaful Insurance	10,000	20	-	-

Total Associates Companies (2)	107,621	131,738
Investment in subsidiary and associated companies (1+2)	271,214	131,738
Less: Impairment loss	(4,486)	(4,318)
Net investment in subsidiary and associated companies	266,728	127,420

- The Investment in Associates& subsidiaries categorizes as follows:

	Value in LE thousands	
	<u>31/12/2009</u>	<u>31/12/2008</u>
Listed	230,933	91,631
Not Listed	35,795	35,789
	<u>266,728</u>	<u>127,420</u>

The Market value for the Investment in Associate & subsidiaries Companies which is listed by an amount of EGP 300,079K in 31st December 2009 (2008: EGP 161,296K).

(*) the bank had reclassified National Company for Maize Products shares from investment in subsidiaries to available for sale investment because of absence of the bank's significant influence or control over the company .

13. Debit Balances and Other Assets

	Value in LE thousands	
	<u>31/12/2009</u>	<u>31/12/2008</u>
Assets Reverted to the bank (NET)	91,661	187,867
Accrued revenue	37,584	29,988
Receivable form sale of Assets reverted to the bank	75,585	53,879
Receivable from staff's Insurance policy	3,000	5,000
Receivable from Sell& Lease back Assets	72,082	96,109
Prepaid Expenses	4,553	6,238
Paid under purchase Fixed Assets	92,035	16,442
Other Debit Balances	35,353	22,262
Under Settlement entries	-	582
Total	<u>411,853</u>	<u>418,367</u>

14. Fixed Assets (Net of Accumulated Depreciation)

	Land	Premises	Automated Systems	Transportation Means	Installations	Equipments & machinery	Furniture	Total
Cost at 1 January 2009	9,668	78,980	81,267	7,387	25,757	5,745	20,652	229,456
Additions during the year	-	25	6,225	-	895	170	2,446	9,761
Disposals during the year	(7,369)	(38,029)	(4,877)	(4,489)	(7,361)	(62)	(1,259)	(63,446)
Cost at 31 December 2009	2,299	40,976	82,615	2,898	19,291	5,853	21,839	175,771
Accumulated depreciation at 1 January 2009	-	41,284	71,638	6,989	19,524	5,267	17,707	162,409
Depreciation for the year	-	1,985	4,236	101	382	116	560	7,380
Accumulated depreciation for disposals during the year	-	(26,199)	(4,878)	(4,489)	(6,693)	(62)	(1,259)	(43,580)
Accumulated depreciation at 31 December 2009	-	17,070	70,996	2,601	13,213	5,321	17,008	126,209
Net assets at 31 December 2009	2,299	23,906	11,619	297	6,078	532	4,831	49,562
Net assets at 31 December 2008	9,668	37,696	9,629	397	6,233	478	2,945	67,047

Fixed Assets after depreciation include LE 2.64mn represent assets not registered yet. Legal procedures are under progress for them to be registered.

15. Intangible assets

	Value in LE thousands	
	<u>31/12/2009</u>	<u>31/12/2008</u>
Asset Cost		
Office Programs	2,954	--
Other Software	1,597	--
Total Asset Cost	4,551	--
Total Amortization	(3,188)	--
Total	1,363	--

- The intangible assets represents in office programs License purchased form IT Corp Co. By total amount of EGP 6,9mn equivalent to USD 1.2mn to be used over 3 years (about EGP 2.9mn have been executed in 2009 which equals to about 800 users) in addition to purchasing Link Programs by an amount of EGP 1.5mn a license for one year .
-

16. Deferred Tax Assets

	Value in LE thousands	
	<u>31/12/2009</u>	
		Asset / (Liability)
Fixed Assets Depreciation	(1,339)	
Provision	13,263	
Tax Retained Loss	298,937	
Total	310,861	

17. Due to Banks

	Value in LE thousands	
	<u>31/12/2009</u>	<u>31/12/2008</u>
A. <u>Local Banks</u>		
Current accounts	297	350
Deposits	8,228	--
	8,525	350
B. <u>Foreign Banks</u>		
Current accounts	--	3,748
	--	3,748
Total	8,525	4,098

18. Customer Deposits

	Value in LE thousands	
	<u>31/12/2009</u>	<u>31/12/2008</u>
Demand deposits	2,818,295	1,021,520
Time and saving deposits	4,831,626	5,335,668
Certificates of deposit *	1,578,296	1,802,977
Other deposits	172,282	125,848
Total	<u>9,400,499</u>	<u>8,286,013</u>

19. Credit Balances and Other Liabilities

	Value in LE thousands	
	<u>31/12/2009</u>	<u>31/12/2008</u>
Accrued interest	17,787	58,792
Deferred revenue	12,456	21,474
Profit Coupons payable to Shareholders	2,638	2,643
Surplus in Capital subscription	238	238
Other credit balances	59,618	52,910
Total	<u>92,737</u>	<u>136,057</u>

20. Long term Loans

	Interest Rate	Maturity	Value in LE thousands	
			<u>31/12/2009</u>	<u>31/12/2008</u>
Social Fund Loan	8%	1/12/2011	938	1,418

21. Other Provisions

Description	31 December 2009				
	Balance at the beginning of the year	Provided during the year	Provision transferred during the year	Provision used during the year	Balance at the end of the year
Claims provision	20,654	--	--	(382)	20,272
Tax Provision	52,146	109,756	--	(161,612)	290
Contingent liabilities provision	7,627	--	--	--	7,627
Other provision	--	7,303	--	--	7,303
Total	80,427	117,059	--	(161,994)	35,492

Description	31 December 2009				
	Balance at the beginning of the year	Provided during the year	Provision transferred during the year	Provision used during the year	Balance at the end of the year
Claims provision	4,655	18,645	--	(2,646)	20,654
Tax Provision	24,569	40,344	202	(12,969)	52,146
Contingent liabilities provision	6,211	--	1,427	(11)	7,627
Total	35,435	58,989	1,629	(15,626)	80,427

- The Bank has provided EGP 7.3mn to other provision in 2009 for settlement some differences which did not settled yet raised up due to using new system in 2009.

22. Capital

Authorized Capital

- The authorized capital amounts to LE 2.0bn

Issued & Paid-In Capital:

- The issued & Paid-In capital shares are 175 million shares (31 December 2008: 150 million share) with a nominal value of LE 10 each.
- The shareholders subscribed for LE 250mm to increase the issued share capital to LE 1.75bn. This increase has been registered in commercial register in January 2010.

- ADIB – UAE has deposited an amount of to LE 130.341 in thousand under capital increase within the year.

23. Reserves

	Value in LE thousands	
	31/12/2009	31/12/2008
Legal Reserve	22,878	22,878
General Reserve	36,272	30,091
Fair Value reserve – AFS	40,149	23,707
special Reserve	17,165	17,165
Total	116,464	93,841

Legal Reserve :

- as per the Law No. 159 for year 1981 and the basic system for the company 5% from Net profit will be deducted as legal reserve and this process will e stopped when the reserve balance reaches 50% of the issued &paid –in capital .

General Reserve :

- The balance represents surplus in collected subscription fees regarding the capital increase subscription during previous years.

Special Reserve :

- The balance of EGP 5,479 in thousands represents the change in measurement policy for available for sale investment for 2006 as per CBE regulations issued on 16th December ,2008 and an amount of EGP 11,686 in thousands represents the credit revaluation difference raised up from changing measurement policy for available for sale investment for 1993.
- Reference to the CBE regulations this reserve cannot be used anyway unless with the approval of the CBE.

24- Interest Income and similar revenues

	Value in LE thousands	
	31/12/2009	31/12/2008
Loans and Facilities to customers	192,296	155,748
Deposits and current accounts	166,657	269,703
Treasury bills	116,554	62,775
Treasury bonds	33,362	33,786
Total	509,139	522,012

25-Deposits interest expenses and similar costs

	Value in LE thousands	
	31/12/2009	31/12/2008
Deposits and current accounts		
-Banks	1,232	2,164
-Customers	480,592	537,219
Total	481,824	539,383

26-Dividand Income

	Value in LE thousands	
	31/12/2009	31/12/2008
Held for trading investments	-	1,710
Available for sale investments	3,892	2,643
Held to maturity investments	-	19
Investments in associates & subsidiaries	4,100	2,120
Total	7,992	6,492

27-Net Trading Income

	Value in LE thousands	
	31/12/2009	31/12/2008
Foreign Exchange Transactions Gain	6,373	9,410
MTM of held for trading investments	-	(5,910)
Gain on sale of held for trading debts instruments	(8)	2,025
Total	6,365	5,525

28-Other operating Income/(Expenses)

	Value in LE thousands	
	31/12/2009	31/12/2008
Gain on sale of sell & lease back assets – note 37	194,791	-
Interest Revenues from sell & lease back assets	9,017	10,662
Provision of assets reverted to the Bank	17,216	-
Gain on sale other assets	40	63
Training cost	(2,309)	(709)
Operating Lease	(57,418)	(25,240)
Gain on sale assets reverted to the Bank	4,623	26,889
Gain on sale fixed assets	2,551	-
Impairment loss of assets reverted to the Bank	(7,108)	-
Early retirement	(78,824)	(102,255)
Total	82,579	(90,590)

29-Provision

	Value in LE thousands	
	31/12/2009	31/12/2008
Loans Provision	588,505	500,000
Other Provision	117,059	58,988
Provision for Assets reverted to the bank	30,663	11,523
	736,227	570,511

30-General and Administrative Expenses

	Value in LE thousands	
	31/12/2009	31/12/2008
Employees Costs:		
Salaries and wages	122,153	86,254
Social insurance	6,915	7,063
Depreciation and Amortization	10,568	9,263
Other expenses	82,448	41,410
	222,048	143,990

31.Capital Commitments

The Banks commitments related to purchasing fixed assets and upgrading banking software amounted to LE 123.7 mn as at December 30th, 2009. The bank paid 92 mn till December 30th, 2009 (2008: 27,07 K)

32. Maturities of Assets and Liabilities

	Due within One year	Due within More than One year
A. Assets		
Due from banks	3,568,254	59,610
Treasury bills and other bills	968,573	-
Available for sale investments	134,157	371,035
Loans to customers & banks	272,205	3,218,852
Investment Held to Maturity	10	33,624
Investment in Subsidiaries and Associates	-	266,728
Other assets	411,853	-
Total	5,355,052	3,949,849
B. Liabilities		
Due to banks	8,525	-
Customers' deposits	7,784,375	1,616,124
Long term loans	-	938
Other credit balances	92,737	-
Total	7,885,637	1,617,062

33. Effective Average Interest Rates

- The average interest rates on assets and liabilities for Egyptian pound are 2.8 % and 3.1% for 2009 against 4.3%, 6.3% for 2008 respectively.

34. Tax Status

a- Corporate Tax:

- Tax inspections for the years prior 2004 have been fully completed and all due taxes have been paid with the exception of the individual pool where an internal committee is being set to inspect this issue.
- Preparation and presenting the tax report for the years prior to 2008 have been presented to tax authority as per law no. 91 for the year 2005.
- Tax report for the year 2005 and 2006 are currently being inspected.

b- Salary Tax:

- Internal committee has finalized matters for the years prior to 2004 and there are no taxes due for this period.
- Year 2005/2006 has been inspected and an internal committee has been formed.
- The years 2007 – 2008 are currently being inspected.
- The payroll taxes are being paid on the due dates as stated by law.

c- Stamp duty Tax:

First: In light of law no. 111 for the year 1980 (before amendments)

- Inspections of 21 branches have been finalized from opening of the branches to 31/7/2006 with all tax liabilities settled.
- Inspection of 17 Cairo branches have been finalized from start of their activities to 31/7/2006, payment of part of tax dues has been made and other years which are under dispute are in internal committees and the Appeal Courts.
- As for the remaining 26 bank branches, coordinating between tax authorities is in process to start inspection for years prior to 31/7/2006.
- 5 branches have not been inspected from beginning of their activities till 31/7/2006.

Second: In light of law no. 143 for the year 2006 (amendment of law no. 111)

Inspections of the bank branches for the years starting 1/8/2006 to 31/12/2007, have been finalized from opening of the branch to 31/7/2006, the results of the inspection was an amount of LE 54mn as of 31st December 2009 (2008:EGP 130mn) against tax provision by an amount of EGP 0.29mn as of 31st December 2009 (2008:EGP 52mn) so the tax provision shortfall amounted by EGP 54mn as of 31st December 2009 (2008:EGP 78mn)

35. Distribution of Financial Assets, Liabilities, Contingent Liabilities and Commitments as Per Business Sector:

35-1

	Industry	Agriculture	Trading	Service	Other	Total
--	----------	-------------	---------	---------	-------	-------

A- Activity Segmentation

Loans & Islamic finance to customer	2,510,925	62,572	1,750,099	1,152,112	894,114	6,389,822
Customers' deposits	591,889	80,685	267,156	872,307	7,588,462	9,400,499

	Individuals	Public sector	Partnership	F.I	Investment	Foundations	Preparatory	Other	Total
B- Clients Type Segmentation									
Loans & Islamic finance to customer	887,799	167,840	1,259,155	1,490,583	1,553,891	12,366	1,012,223	5,965	6,389,822
Customers' deposits	5,107,884	2,010,856	248,174	206,465	314,928	115,291	209,538	1,187,363	9,400,499

35- 2 Distribution of Contingent Liabilities

	Value in LE thousands	
	31/12/2009	31/12/2008
Letters of guarantee	198,647	220,075
Letters of credit (export and import net of cash margin)	96,112	193,558
Accepted notes for suppliers' facilities	741	98
Other Contingent Liabilities (Banks Guarantees)	211,882	221,143
Total	507,382	634,874

The contingent liabilities includes the letter of credit on behalf of Suez Canal authority by an amount of EGP 59,262K as at 31st December ,2009 (2008: 59,701K) guaranteed by an account in ministry of finance amounting EGP 70mn.

2 Distribution of Contingent Liabilities by currency

	Value in LE thousands	
	31/12/2009	31/12/2009
	Local Currency	Foreign Currency
Letters of guarantee	190,658	7,989
Letters of credit (export and import net of cash margin)	1,269	94,843
Accepted notes for suppliers' facilities	--	741
Other Contingent Liabilities (Banks Guarantees)	1,331	210,551
Total	193,258	314,124

36. Significant Currencies Positions

	<u>31/12/2009</u>	<u>31/12/2008</u>
	Excess (Deficit)	Excess (Deficit)
Egyptian Pound	(216)	20
US Dollar	(115)	(42)
Sterling Pound	(5)	16
Euro	29	39
other	2,657	(869)

37- SALES OF FIXED ASSETS RE-RENTED ON LEASING BASIS:

37/1 December 27th, 2007:

The Banks management sold two buildings, with one of the leasing companies with a total value of LE 120,136,200, to be paid on 60 monthly installments starting 27 January 2008. This amount includes LE 32,163,200 of retained interest. This resulted in "Profit from sales of fixed assets" reaching LE 84,632,667 covering the provisions of loans with this amount. The Bank re-rented the two building on a leasing basis contract with a total value of LE 121,056,000, to be paid on 60 installments starting January 27, 2008.

37/2 March 30th, 2009:

The Banks management has sold a land and building owned by the Bank which comprise of 29 branches of the Bank on a leasing contract basis with a total value of LE 214,659,243 resulting in "Profit from sales of fixed assets with a value of LE 194,791,863. An agreement with the CBE was reached to use this amount to decrease the operating losses of the first quarter 2009, instead of amortizing on the leasing period that is on condition that the Bank doesn't grant any facilities to the leasing company to finalize the deal. The Bank has also finalized a leasing agreement dated March 30th, 2009 to re-rent these facilities with a value of LE 321mm to be paid on 120 monthly installments starting April 30th, 2009.

38- LOSS PER SHARE

The loss per share during period was calculated by using the weighted average method for the numbers of the outstanding shares during the period.

	Value in LE thousands	
	31/12/2009	31/12/2008
Net loss for the period (1)	(458,143)	(738,871)
Weighted average for the issued common stocks (2)	160,417	120,833
Loss Per Share (1:2)	<u>(2.85)</u>	<u>(6.11)</u>

39- Comparative Figures

Comparative figures have been adjusted retrospectively as a result of changing the financial investments policies and the following is the effect of the change.