

ANNUAL

REPORT 2010





- 04 Chairman's Letter
- 08 Board of Directors

## Annual Report



## EDBE 2010

- 12 Background
- 13 Facts about the Bank
- 13 Economic conditions
- 18 Business strategy
- 26 Organizational structure
- 30 Social responsibility and business community support

## Financial Indicators

- 34 Auditors' Report
- 36 Unconsolidated Balance Sheet
- 37 Unconsolidated Income Statement
- 38 Statement of Profit Appropriation
- 39 Unconsolidated Statement of Cash Flows



- 40 Unconsolidated Statement of Changes in Shareholders' Equity
- 41 Notes to the Unconsolidated Financial Statements
- 61 Consolidated Balance Sheet
- 62 Consolidated Income Statement
- 63 Notes to the Consolidated Financial Statements



## Branches

- 68 Branches



## **Chairman's Letter**



"I dare say that shortly prior to the crisis, **the Bank was at its highest** point in terms of securing and balancing its financial position, as well as **establishing the internal systems** capable of maintaining the Bank's financial position."

### Ladies and gentlemen, shareholders of EDBE

I have the honor to present EDBE Board of Directors' report for fiscal year 2009/2010. The report illuminates EDBE's performance in light of the most important economic and banking events on both local and international levels.

On the international level, it was quite a critical year, where most actions were directly or indirectly linked to the global economic crisis. The political role to contain the crisis took a more definite and deliberate path in an atmosphere of uncertainty. Economic and analytical reports carried waves of optimism with every announcement of corrective measure, to be contradicted shortly afterwards by glimpses of skepticism with every aftermath to the crisis whereas media "repercussions" and occasional bias contributed to uncertainty surrounding investors worldwide.

Negative repercussions had their impacts on the local level with varying degrees. Foreign investors had to withdraw to cover their open positions while capital market players were the most affected by the resulting price fluctuations and dampening of stocks prices quoted on the Egyptian stock exchange.

On the other hand, in line with EDBE's jurisdiction, the government strongly targeted doubling exports through a progressive ambitious plan announced by the Ministry of Industry and Foreign Trade to reach EGP 200 billion by the year 2013. We believe that such ambitious plan with little help and support, coinciding with the economic crisis' lingering effects, presents a real opportunity for exporters. The government spared no effort to apply all essential mechanisms, logistics and support in order to achieve such plan.

As the year was full of various challenges on the international level, it was quite so for the Bank. However, the Bank proved again that it was much more successful than many other financial institutions, as evidenced in the annual report with an EGP 33.9 million increase in net profit over last year (13.46% growth), reaching approximately EGP 284 million. This is undoubtedly a self-evident performance in such critical times.

While maintaining a strong financial position and a clean credit portfolio via the vigilant credit assessment policy adopted by the Bank prior to the crisis, EDBE strategies focused also on customers' satisfaction, being the pivotal pillar of EDBE's endeavors over the past few years. The Bank fully comprehends the futility of attempting to attract new customers while not giving current ones the adequate attention they deserve, and that any expansion plan must set high priority to the best interest of current customers. In such context, it is no surprise to know that the Bank starts with tailoring each and every credit package in line with every customer's requirements and subsequently the bundle of such credit packages are designed in accordance with such requirements and needs.

This year has witnessed a major restructuring of all sources of financing, particularly aiming at the family sector, in order to further boost medium term sources of



funding. This has been accomplished through issuing new CDs with very competitive fixed rates, to foster the Bank financial resources thus taking advantage of the lower interest rate environment making it more attractive to customers. This also contributed to further stabilizing the balance between the overall sources and uses of funding.

The Bank has concluded the establishment of "Egypt Capital Holding Company". An affiliate investment financial holding company with an authorized capital of EGP 1.5 billion, and an issued capital of EGP 250 million (EDBE's share is 99.995%). The purpose of which is to become the investment arm of the Bank through establishing and/or participating in equities of new companies especially those issuing commercial paper.

Additionally, the year under review included progressive measures for internal restructuring in order to attain a more efficient professional organizational structure. This process emphasized the need for high ranking expertise pertinent to certain highly specialized positions, a multi-stage recruitment plan, which was put into effect, thus attracting the needed calibers before year end.

EDBE has always regarded the human element as its most precious asset and this year was no exception. The Bank was keen to maintain high standards when selecting new hires to the work team to preserve the current levels of performance and harmony. Furthermore, the Bank has allocated an EGP 2.5 million for human resources development training whether technical and/or leadership skills, thus benefiting more than 65% of the work force.

Another identifiable milestone was part of EDBE's targeted expansion plan (approved by the Central Bank of Egypt). Five new branches were inaugurated during the fiscal year 2009/2010. These branches are strategically positioned in Giza, Nasr City, Faisal, Obour City, and Borg El-Arab areas. They are already operating, fully integrated with the all EDBE systems and branches. It is worth noting that these five branches also represent a significant step along the road set forth by the Bank's recently formed "Corporate Identity Plan", intended to develop a better image of the Bank. All new branches are represented in a unified image, while simultaneously revamping existing branches.

At the end, it is worth mentioning that EDBE could never have achieved its current solid position without the support of its shareholders, the effective guidance of its Board of Directors, and the efficiency and integration of its work team. We extend our deepest gratitude and appreciation to them all.



**Hisham Ahmed Hassan Youssef**  
Chairman



**Board of Directors**

We have a positive vision of the future  
founded on the belief that the gap between  
the promise and reality can one day  
be finally closed... We believe that.



# Board of Directors



H.E. Rachid Mohamed Rachid  
Head of Export Development Bank  
of Egypt's General Assembly



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**Back row from right:**

Mr. Ahmed Abdel Rehim El Sayad  
Board Member  
Representative of National Investment Bank

Dr. Samir Abdel El Sayed Tanago  
Board Member  
Representative of Private Sector

Mr. El Sayed Abdel Aziz Eid Rashwan  
Board Member  
Representative of National Bank of Egypt

Mr. Hisham Ahmed Hassan Youssef  
Chairman

Mr. Abdel Halim Mohamed Ibrahim  
Board Member  
Representative of National Investment Bank

Dr. Samiha El Sayed Fawzy  
Board Member  
Specialist Board Member

Mr. Effat Eshak Abdel Messih  
Board Member  
Representative of Bank Misr

**Front row from right:**

Mr. Maged Fahmy Attiya  
Deputy Chairman

Mrs. Dalia Mostafa Kamel  
Board Member  
Representative of National Investment Bank

Dr. Mohamed El Saeed El Dakak  
Board Member  
Specialist Board Member

Dr. Suzan Hamdy  
Board Member  
Representative of Bank Misr



**EDBE 2010**

Look at each day as a chance **to invest life in life.** A chance to share **your experience** and **deposit it into someone else's conscience.** Each day is a chance to work miracles in the lives of others.



## 1- Background

Export Development Bank of Egypt (EDBE) was established in 1983 with the purpose of boosting Egyptian exports in agriculture, industrial, commercial, and services projects. Soon after, the Bank became the main funding source of export operations in Egypt. Through its outstanding performance and policy, based on diversified investments, the Bank was able to grow, prosper and achieve a strong financial position. This has helped EDBE to enjoy the confidence of exporters, small and medium-size enterprises owners, and individuals, in addition to the trust of local financial institutions and reputable international organizations.

EDBE plays a pivotal role in supporting Egyptian exporters and facilitating the access of Egyptian products to markets worldwide through the expansion of finance for export and import substitution projects. This is besides its significant role in participating in syndicated loans and equity participations of these projects. The Bank extends its complete financing and banking services to exporters and its entire customer base.

To pave the way for Egyptian exporters, the Bank has built a network of correspondent banks in countries with common interests and economic ties with Egypt. Moreover, the Bank has set up a network of branches throughout Egypt to serve the exporters wherever they are based.

One of EDBE's most important assignments, as depicted in its articles of association, was the establishment of Export Credit Guarantee Company of Egypt (ECGE), as the first mechanism of its kind in Egypt.

The Bank continues to support this company, whose activities are integral to complementing the needs of Egyptian exporters. The Bank foresees a growing role of the company in light of the global economic crisis and the need to insure commercial and non-commercial risks, especially with regards to companies requiring factoring and discounting.

Since its inception, the Bank has always been adhering to all relevant legal, regulatory, and banking standards, whether local or international. Moreover, the Bank is committed to further upgrading its internal systems to match any unexpected changes in these parameters. The Bank's motto is based on the principle "Commitment is the basis of trust," and it seeks to emphasize on this theme as one of the foundations of the institutional culture of the Bank.

## 2- Facts about the Bank

### Legal status

EDBE is an Egyptian joint-stock company established under Law 95 for 1983. It is subject to the regulation of the Central Bank of Egypt (CBE) and the financial and banking system, Law 88 for 2003. As an Egyptian joint-stock company, it is also subject to the provisions of Law 159 for 1981, promulgating the law on joint-stock companies, companies limited by shares and limited liability companies, unless otherwise provided in the law establishing EDBE, without prejudice to the provisions thereof.

### Capital and shareholders

The authorized capital of the Bank is EGP 2 billion, and issued and paid-up capital amounts to EGP 1.2 billion. All of the Bank shares are of nominal value equaling EGP 10 per share. The Bank is fully owned by Egyptians, as foreign ownership is restricted. According to the provisions of Article Six of the Articles of Association, Export Development Bank of Egypt (Law 95 of 1983) public shareholding should contribute no less than 75% of the paid-up capital. The capital structure of the Bank is as follows:

National Investment Bank	40.75%
Banque Misr	23.13%
National Bank of Egypt	11.43%
Private sector and Others (free trade on Egyptian Stock Exchange Market)	24.69%

It is essential to highlight that on the 29th of September 2010, the General Assembly has already decided increasing EDBE's paid up capital from EGP 1.2 billion to EGP 1,440 billion, a growth of EGP 240 billion to be totally obtained from the retained earnings and reserves of 30 June 2010 financial statements. This would be divided over 24 million free stocks divided among the shareholders. Such increase has been already implemented and listed on the Egyptian Stock Exchange Market as of 24 November 2010.

## 3- Economic conditions

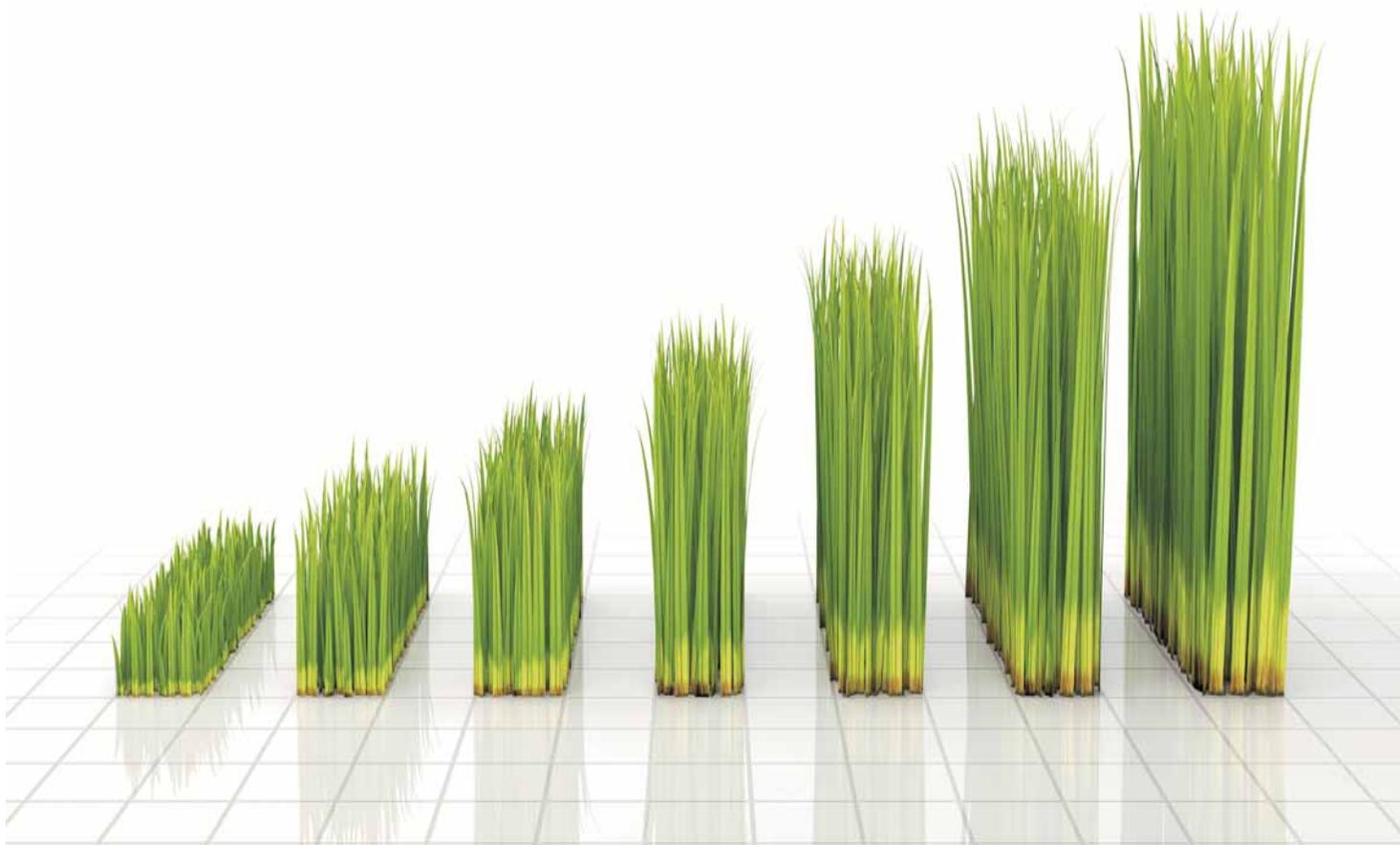
### Global economy

The global economic recovery has been better than anticipated having a brisk activity with varying degrees being stronger in most emerging economies rather than developed ones. Financial support was a key element in giving the initial impetus towards the path of recovery. Monetary policy was progressive, to a large extent, given the size of the exceptional liquidity support. Regarding developed economies, the United States is heading towards a better recovery than Europe and Japan. In emerging economies and developing countries, emerging countries in Asia took the lead.

The global economy seems poised to continue this process of recovery, even though the rate varies by region. It is expected that global growth will reach 4.25% in 2010 and 2011. Current forecasts indicate that developed economies will witness a growth rate of 2.25% in 2010 and 2.5% in 2011. This was a fall of more than 3% in 2009. Growth in emerging and developing economies is expected to exceed 6.25% in the period 2010-2011, having maintained a modest rate of 2.5% in 2009.

It is expected that stronger economies will continue their leading path of recovery, while growth in other countries will be constrained as a direct result of permanent damage caused to their balance sheet covering public and household sector financing. The major advanced economies will continue the march of the ongoing recovery, albeit at a slower pace than in previous cases of revival following bouts of recession. Similarly, it is likely that economic recovery in a number of countries in emerging Europe and the Commonwealth of Independent States will remain slower than expected.

An atmosphere of uncertainty still characterizes the prospects for economic activity, despite the decline of a number of risks. However, forecasts lean towards the negative side in general evident by the increase of public debt in developed countries. Among the short-term risks that concern markets are liquidity and sovereign risks in Greece as well as the fear that these risks remain eminent, thus protruding to other countries. The primary concern is that potential policy options



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in many of these economies have become largely exhausted, or at least narrower than before, thus reflecting the fragile recovery from these new shocks. In addition, if banks were exposed to real estate risks, this will continue to a growing risk concern, particularly in the United States and parts of Europe.

Fiscal policy has provided significant support in addressing the deep economic downturn. At the same time, fiscal stimuli and the sluggish economic activity have, to a lesser extent, added to the increase in fiscal deficits in developed economies to 9% of GDP. It is expected that the debt to GDP ratio in these economies will exceed 100% by 2014, based on current policies, which is an increase of 35 basis points over the level before the crisis.

It is expected that inflation will remain of minimal concern in most economies due to lower productivity in energy production and the initiation of proper forecasts for future inflationary trends. There is a limited risk of higher inflation in emerging economies where there is price instability, since they have undergone a long period of price fluctuations or limited spare capacity.

High unemployment rates pose major social problems in advanced economies. It is expected that unemployment rate will remain within the range of 9% until the end of 2011, and it will gradually reduce thereafter.

With the fall in the value of currencies in countries with excessive deficits, it is reasonably expected that the prices of currencies in countries with surpluses will rise. Thus, the process of rebalancing should be supported through the financial sector and following structural policies in economies with deficits or surpluses. Policy makers should focus on opportunities that formulate cooperation between policy areas, especially in the areas of public finance and structural reform.

### **Local economy**

The Egyptian economy approached the real level of recovery from the economic crisis. This is evidenced by the annual GDP 5.1% growth during fiscal year 2009/2010 versus 4.7% during fiscal year 2008/2009 although it has not reached growth level of 7.2% realized during fiscal year 2007/2008. However, this nearly approached growth levels of emerging economies which stood around 5.6%.

Central Audit Organization statistics revealed decreasing levels of unemployment to 9% (in comparison to 9.4% during the previous year). This is attributable to the decrease in the unemployment rate for males to 4.93% versus 5.2%. As for females it reached 22.22% versus 23.2% during the end of previous fiscal year.

The Ministry of Economic Development revealed that 521 thousand employment opportunities were offered during the current report year with an increase of 14% over the previous year. Out of which 261 thousand employment opportunities have been offered through the Social Fund for Development.

On the other hand, annual inflation rate increased according to the urban consumer price index to 10.7% by end June 2010 versus 9.9% by end June 2009. Such increase was mainly attributable to food and beverage prices reaching 8.9 basis in comparison to 5.7 basis point. This in turn resulted in the rise of inflation to 18.5% versus 12.2% during the previous year.

Despite of the decrease of all food and beverages prices by 4.8%, this has never curbed inflation level during such year; a matter which explains the weak response of local prices to overall international prices.

Total net foreign currency reserves increased by USD 3.9 billion 12.5% during fiscal year 2009/2010 reaching USD 35.2 billion thus covering 8.6 months of imports during June 2010. It is worth mentioning that during the period of preparing such report foreign currency reserves reached USD 35.5 billion by the end of September 2010.

The balance of local and external government debt reached USD 812.9 billion by the end of June 2009 representing 67.4% of GNP, an increase of 15.1% over fiscal year 2009/2010.

Fiscal year 2009/2010 witnessed an improvement in transactions in the entire world reflected by an improvement in the balance of payments with the outside world evidenced by a surplus of USD 3.36 billion (versus USD 3.38 billion deficit during previous fiscal year). The deficit in current operations decreased by 2.4% recording USD 4.3 billion, while capital and financial operations showed a growth in net inflows to reach USD 8.3 billion (versus USD 2.3 billion during the previous year).

Meanwhile, the improvement in trade deficit was the outcome of the relative stability in trade balance as well as the increase of foreign currency transfers and the drop in surplus trade balance.

As for the trade balance deficit it was maintained at USD 25.1 billion (versus 25.2 billion) mirrored by a 5.1% decline in the balance of export proceeds to USD 23.9 billion. This is in addition to the drop in import commodity payments by 2.7% to USD 49 billion.

Services balance surplus declined by 17.3% in 2009/2010 reaching USD 10.3 billion in comparison to USD 12.5 billion during the previous fiscal year. This was an outcome of the overall drop in services proceeds by a minimal of 1% as well as the increase in services payments by 17% as indicated here-below:

Services proceeds declined by 1% during fiscal year 2009/2010 recording USD 23.6 billion (versus USD 23.8 billion) due to the drop in various items with the exception of tourism and other proceeds. Investment proceeds decreased by 57.2% standing at USD 829 million (in comparison to USD 1.9 billion). Suez Canal tolls dropped by



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around 4.3% standing at USD 4.5 billion (in comparison to USD 4.7 billion). On the other hand, tourism revenues surged by 10.5% recording USD 11.6 billion (in comparison to USD 10.5 billion). This is in addition to the growth in services proceeds by 1.8% reaching USD 3.7 billion.

On the other hand, services payments surged by 17% standing at USD 13.2 billion (in comparison to USD 11.3 billion) reflecting an increase in investment payments to USD 5.2 billion, government expenditures by USD 1.5 billion. This is in an addition to a drop in services payments to USD 2.9 billion and the transportation payments to USD 1.2 billion.

Free foreign transfers increased by 26.9% reaching USD 10.5 billion during the fiscal year 2009/2010 (against USD 8.2 billion) during previous financial year. This was mainly owing to the surge in net private transfers by 24.6% reaching USD 9.5 billion (most remittances of Egyptian working abroad surging by 25%). This is in addition to net official foreign currency transfers amounting to USD 954 million versus USD 614.3 million resulting from the increase of donor funds and donations to the Egyptian Government.

With respect to the increase in the inflow of capital and financial accounts it reached USD 8.3 billion (in comparison to USD 2.3 billion). This can be attributed to a shift in investments in commercial paper across Egypt's portfolio, with a net inflow of USD 7.9 billion, compared to a previous net outflow of USD 9.2 billion. These figures include USD 5 billion net foreign investments in Egyptian Government Treasury Bills (inflows). Meanwhile, direct foreign investments decreased by 16.7% recording USD 6.8 billion (versus USD 8.1 billion).

Other assets and liabilities realized a net external inflow of USD 7.1 billion (in comparison to a net internal inflow of USD 3.9 billion).

#### Sources

\* Central Bank of Egypt Monthly Statistical Bulletin editions number 159, 160 - June, July 2010

\* DECPG International Monetary Fund Restoring growth balance - April 2010

## 4- Business strategy



### First: Foreign relations

EDBE operates according to a strategy aiming at boosting foreign trade between Egypt and other countries all over the world. This strategy focuses on a number of fronts, most significantly adopting progressive policies to enhancing trade and building strong relationships with banks and financial institutions, thus promoting intra-regional trade, the financing of exporters and importers, and building a large network of foreign correspondents all over the globe covering banking and commercial transactions.

On the local Level EDBE cooperates with ministries, authorities and financial institutions throughout Egypt to develop dual relationships with foreign banks, through the signing of several cooperation agreements based on mutual interest, these include:

- EDBE approached the National Bank of Egypt (NBE) to participate in the funding package provided by a number of international authorities such as: International Bank for Reconstruction and Development, European Investment Bank, Japan Bank for International Cooperation, and the French Development Agency in the framework of a project aimed at reducing industrial pollution (Phase II), administered through the NBE. This is valued at EUR 186 million and we offer this facility to our customers who wish to benefit from the project.
- A cooperation agreement has been signed with the Hungarian Export-Import Bank.
- A cooperation agreement has been signed with JUBMES Banka Beograd Serbia (November 2010).
- A cooperation agreement has been signed with Hrvatska Banka Croatia (December 2010).

To increase the Bank Foreign Currency sources to cope with the growth in funding and investment requirements, the several loan agreements and credit facilities are as follows:

- Signing medium-term deposit agreement with the Union De Banques Arabes Et Francaises (UBAF).
- Renewal of short-term unsecured line of credit agreement with the Arab Trade Financing Program.
- Extending the maturity of the bilateral loan with our correspondent bank (Wells Fargo Bank N.A.) (the loan has already been repaid in February 2011).

The Bank is currently preparing the measures and arrangements necessary to move forward as follows:

- Signing a bilateral loan agreement with the Arab International Bank (already signed July 2010).
- Signing a bilateral loan agreement with Misr Iran Development Bank (already signed July 2010).

## Second: Credit

The fundamental function of our Bank is to support the Egyptian economy with its role in increasing the value added of the manufacturing sector, thus providing employment opportunities which are in alignment with the policy of the Egyptian government. Over the previous period, EDBE has financed various sectors of the Egyptian economy, while placing a special emphasis on the industrial sector and pertinent sub-sectors, especially exports. The developments that took place both domestically and globally during 2008, which had an impact on the economy and the Egyptian market over the subsequent two years were characterized by:

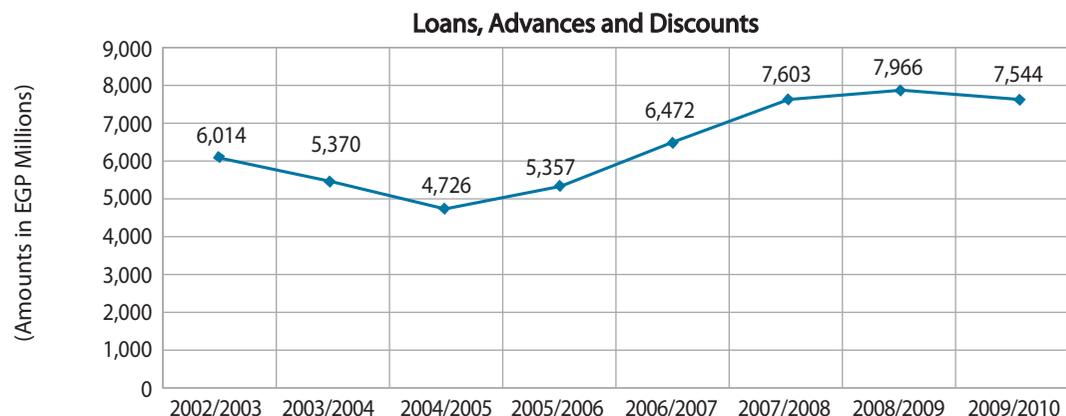
- A decline in global demand, especially in the European and American markets, the two largest markets linked to the Egyptian market.
- Sharp fluctuations in currency exchange rates, especially the common European currency (the Euro) and the Sterling Pound.
- Bankruptcy of some importers abroad, which had an impact on Egyptian exporters, causing the most significant contraction in demand.

As a result of the above, EDBE provided support to its customers, especially those who have been affected by such crisis. This was followed by taking the necessary precautions to maintain the quality of its loan portfolio and facilities, thus maintaining it at the same clean level. Additionally, the Bank continued with its strategy of contributing to the development of the Egyptian economy, through focusing on diversifying its credit portfolio and expanding the number of promising sectors, such as food and beverages, medicines and medical supplies, oil and gas, and chemicals, which are in line with the Bank's credit and strategic policy.

**The following table illustrates development of loans, advances and discounts during previous years:**

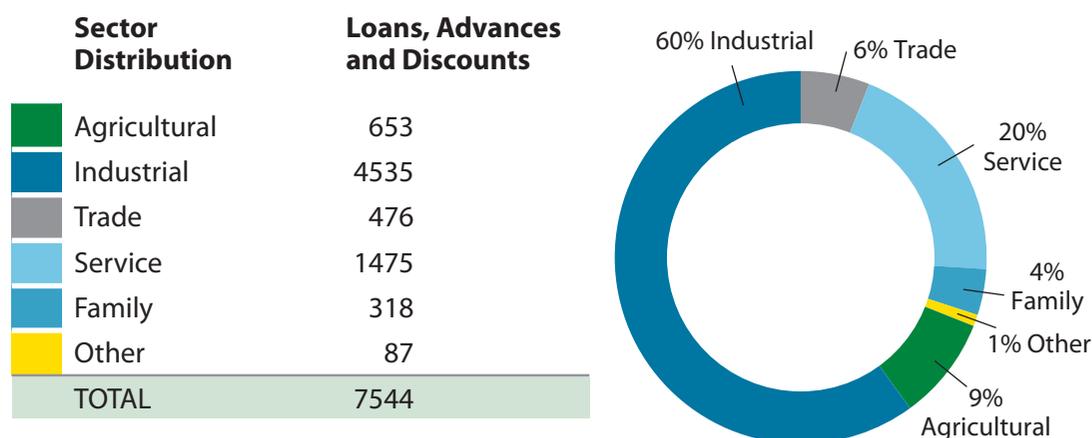
(Amounts in EGP Millions)

Description	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
<b>Loans, Advances &amp; Discounts</b>	6,014	5,370	4,726	5,357	6,472	7,603	7,966	7,544



The following table represents the distribution of the Bank's portfolio according to economic sector:

(Amounts in EGP Millions)



### Third: Financing small and medium-size enterprises (SME's)

The importance of small and medium-size enterprises is in their ability to achieve a number of economic and social objectives; the most important of which is the creation of job opportunities and their geographical spread. EDBE is very supportive in financing small and medium-size enterprises to the extent that the Bank has provided facilities amounting to EGP 391 million covering 82 customers (of which EGP 252 million have been fully utilized). The Bank has targeted various economic sectors with a focus on export activities, including:

Distribution by sector	Percentage
Food sector and agricultural projects	31%
Wood sector and mining industries	19%
Printing packaging and Plastics	18%
Textiles	14%
Engineering industries	9%
Pharmaceuticals and Chemicals	6%
Construction and construction materials	3%

The Bank's small and medium size financing sector provides financing to companies either for medium term for the replacement/renewal of equipment and machinery, or short term financing for working capital at various stages of the production cycle. This includes:

- Providing the necessary finance to purchase raw materials and production requirements, whether from the local market or through import.
- Financing of supply orders and issuing letters of guarantee.
- Financing of commercial paper (checks and bills).

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- Financing of commodities imported by the Bank.
  - Financing Export contracts, international purchase orders and /or Export L/C's.
  - Discounting export documents of confirmed L/C's.

Owing to the fact that EDBE has a leadership position in financing small and medium-size enterprise industries, a technical cooperation agreement was signed in 2004 with the International Financial Corporation (IFC) to provide technical assistance in the development of systems, policies, risk assessment and techniques for how to manage credit for small and medium-sized enterprises. One of the objectives is to set up a specialized financing unit within the Bank, adopting the latest technology in assessment, extension of facilities, and following up on these facilities. The IFC has implemented the development of the required systems and policies as well as training of the selected staff.

#### **Fourth: Investment**

##### **A. Portfolios managed by third parties (for the purpose of trading)**

The Bank's investment policy throughout the year was to benefit from the bullish trends of the stock market, thanks to the global corrective measures as the Egyptian economy has started to recover from the crisis. The Bank launched four new investment portfolios with a total value of EGP 35 million. These funds are managed by four specialized firms in asset management. The Bank also increased three other investment portfolios, managed by third parties, by injecting a further EGP 26.5 million.

However, the Bank was very conservative in its obligations, based on its belief that the financial crisis has not yet passed the critical stage, at least internationally. As such, the Bank used its own knowhow as well as major asset management companies to manage and diversify its investments to the greatest extent possible, and to increase the level of control such investment portfolio. This in turn led to the reduction of one of the portfolios managed by others by EGP 10 million and the complete liquidation of two other portfolios of the same type for EGP 31.7 million.

##### **B. Investment in funds of other banks**

As a result of monitoring the performance of investment funds carried out by other banks, during the year under review, the Bank made a comprehensive change in the components of the investment portfolio of this type, whilst maintaining the total amount invested as follows:

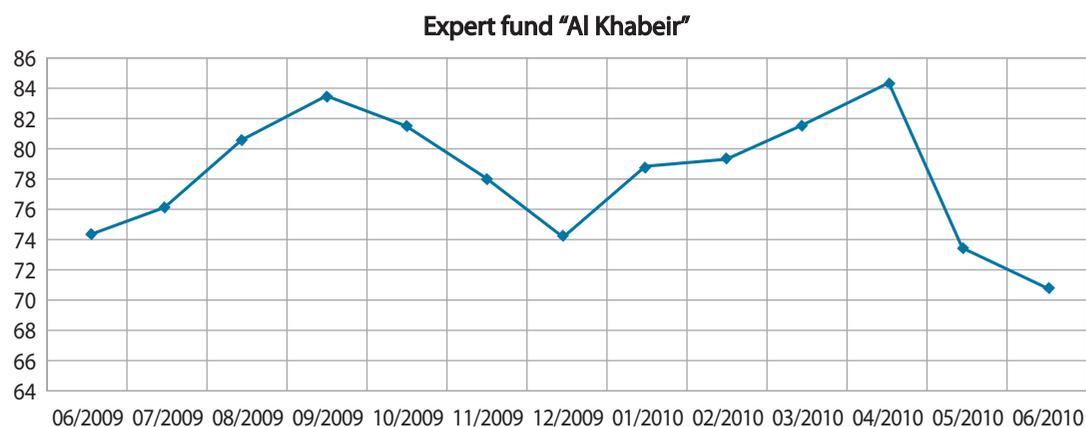
- Investment in three new funds of other banks with a total amount of EGP 30 million.
- Exit from four similar funds with a total amount of EGP 28.6 million.

### C. Status of the Bank investment funds

#### - Expert fund "Al khabeir"

The total number of certificates at the end of June 2010 reached 913,451; of which the Bank owns 79,191 founding certificates with an average cost of EGP 63.14 per certificate, totaling an amount just over EGP 5 million.

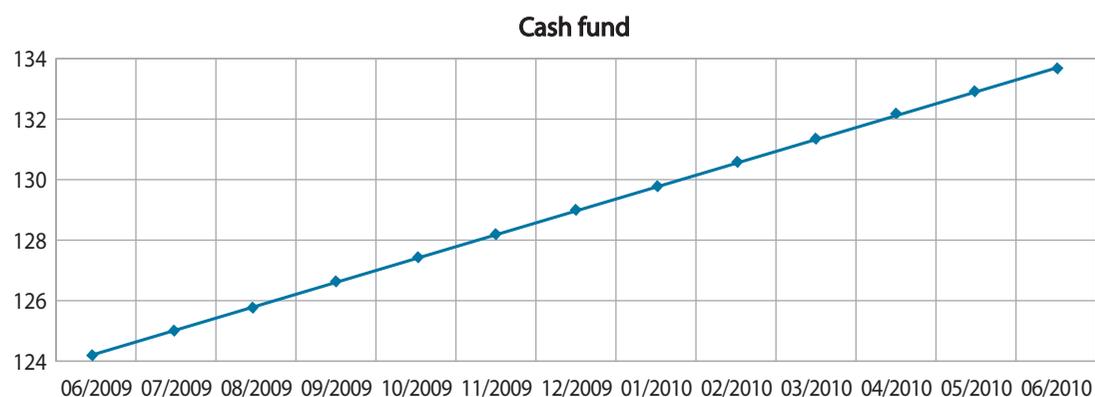
Development of the certificate price during the year:



#### - Cash fund

The total number of certificates at the end of June 2010 stood at 7,646,377; of which the Bank owns founding certificates of 152,928 at an average cost of EGP 115.69 per certificate. This totals EGP 17.69 million.

Development of price during the year:



### D. Equity investments

During the fiscal year 2009/2010, EDBE founded a financial holding subsidiary under the name of Egypt Capital Holding Company (99.995% ownership) with a paid up capital of EGP 1.5 billion, and an issued share capital of EGP 250 million. This was done according to the provisions of Law 95 for 1992 and its pertinent regulations with the main purpose of acquiring part of the Bank's investment portfolio and part of the assets that were devolved to the Bank. The Bank established this company to maximize on the benefit of the assets transferred to the company in addition to providing an alternative and additional practical exit for investments after the IPO

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planned for the company's shares on the stock market (with the continued possibility of direct sale to a strategic investor). The establishment of this company is one of the most strategic steps for the Bank on the long run, especially in this critical period, as the prospects are minimal for exiting from these current investments.

EDBE has continued with its strategy of supporting companies specializing in asset management for the purpose of investing in Private Equity. During this year, the Bank contributed to an investment fund on behalf of Beltone Midcap Fund, a non-direct investment which aims to invest in small and medium-size enterprises; with a total commitment of USD 10 million.

Investment in non-governmental bonds is an effective tool to finance companies on one hand, and to provide an alternative investment tool in order to realize a balance between sources and uses on the other hand. In this year, the Bank's investment in non-governmental bonds totaled EGP 766 million.

#### **Fifth: Treasury activities**

In the field of foreign exchange the total size of transactions was EGP 3.54 billion, showing a growth rate of 4.3% compared to last year. Profits generated were EGP 30.5 million.

The size of the government bonds portfolio totaled EGP 713 million in June 2010, compared to EGP 242.6 million in the previous fiscal year, showing a growth rate of 194% and an average annual return of approximately 11.7%. The treasury bills portfolio reached EGP 610 million and generated an average annualized return of approximately 10.4%.

In the area of trading government securities, profits were EGP 2.06 million, showing a growth rate of 300% over the previous year. The Bank enhanced its activities in this field by becoming a major trader; thus, generating commissions totaling EGP 0.83 million, a growth rate of 73.6% over the previous year.

In the area of medium-term finance, the Bank obtained deposits, certificates, and medium-term bank loans denominated in USD to harmonize the balance between assets and liabilities on a medium-term basis with a view to hedge against any change in interest rates. The average value of treasury bills in all currencies in June 2010 was EGP 7.8 billion and created net margins of EGP 118 million; representing a growth rate of 70% over the previous year.

To support the expansion of the Bank's customer deposit base and the launch of new products for the retail sector, the Bank issued several saving certificates in EGP with fixed interest rates and competitive pricing covering three and five-year tenors. Interest returns on these certificates can be offered to customers monthly, quarterly, or bi-annually.



The outstanding balance of these certificates was EGP 3.15 billion as of the end of the fiscal year (30 June 2010) in comparison to EGP 2.67 billion in the previous year, a growth of 18%, thus maintaining the balance between the assets and liabilities in Egyptian Pounds.

### Sixth: Central banking operations

The following figures illustrate the Bank's contribution to foreign trade operations in general, and the development of Egyptian exports in particular, during the year:

- Exports operations of Egyptian goods	EGP 2.4 billion
- Import operations for export purposes	EGP 6.2 billion
- Guarantees and commitments for the benefit of exporters	EGP 2.0 billion
- Volume of discounted operations	EGP 47 million
- Factoring	EGP 37 million

### Seventh: Branches

EDBE is following an expansion plan by opening new branches for the purpose of accessing the largest possible number of customers in various areas in Egypt. Supporting the Bank's development plan for retail banking, five new branches have been inaugurated this year in the following areas: Giza, Nasr City, Faisal (Al Ahram), Obour City, and Borg El Arab. All of these branches have been integrated with the Bank's systems and the rest of the branches. Furthermore, activity has moved to a new branch in the Tenth of Ramadan City, considered to be a modern architectural masterpiece.

EDBE was keen on branding these new branches in the context of a comprehensive plan to consolidate the corporate identity of the Bank with its clients. Work is underway at the same time to modify the existing branches with the same branding. The Bank has already completed the process of modernization and development for the branches of Mosadak and Selsela.

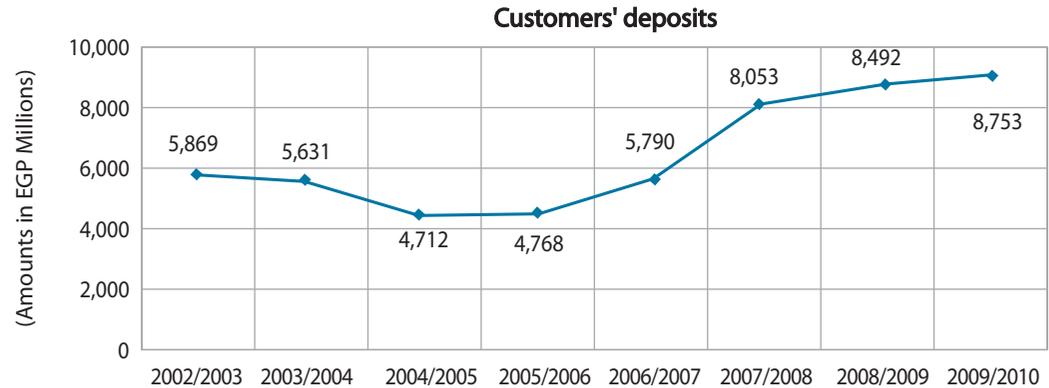
### Eighth: Customers' deposits

The number of customers' deposits indicates the extent of confidence the Bank has gained over the years, witnessed by the variety of different banking products and services that are performing to a high standard. This has resulted in a surge in customers' deposits, totaling EGP 8.753 billion as of June 30 2010, against EGP 8.492 billion in the previous fiscal year. This shows an increase of EGP 261 million (a growth rate of 3.07%).

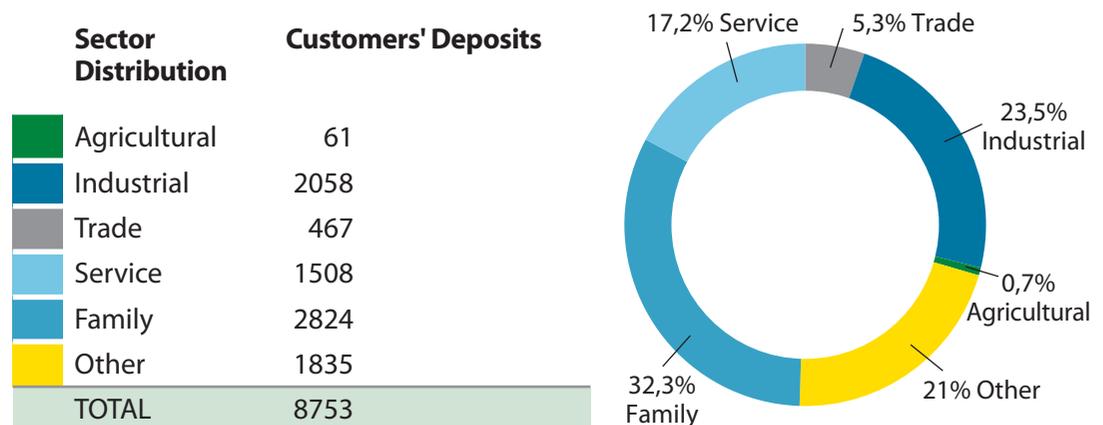
**The following table illustrates the development of customers deposits during previous years:**

(Amounts in EGP Millions)

Description	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
Customers' deposits	5,869	5,631	4,712	4,768	5,790	8,053	8,492	8,753



The following table indicates the deposit distribution of the Bank according to sectors of economic activity:  
(Amounts in EGP Millions)



### Ninth: Revitalization of Egyptian capital market activity

The stock market is the mirror image of the economy in any country, and in Egyptian context, the performance of the stock market reflects the size of the economy. The greater the number of companies in the capital market, the better efficiency and performance this market will have. Stemming from this concept, EDBE deals with the Egyptian Stock Market, where the Bank provides a wide range of diversified activities and services to customers.

The custodian team in the Bank has revitalized the volumes traded in securities, to a total of EGP 5.1 billion, in addition to the commercial paper (not held at CBE) estimated at EGP 67 million. The total number of contracted customers who conducted transactions through the Bank was 6,133.

## 5- Organizational structure



### **First: Organizational structure**

During the year under review, the Bank conducted a comprehensive wide range reorganization of all its operational functions and employee positions with a view to further enhance efficiency of the current organizational structure. Moreover, this year, the Bank has taken significant regulatory steps to expand in retail banking. The most notable expansion was the important transfer of all customer operations, ATM operations, custodian services, treasury, marketing, and retail to a new centralized banking sector.

### **Second: Compliance**

The policy of EDBE is to apply the highest levels of compliance commitment through the application of proper rules and standards, and the application of professional practices of fair dealing and transparency. Moreover, the Bank is committed to protecting the institution from the risk of legal violations in addition to applying regularity control, whether at the enterprise or the state level. This in turn will assist the Bank's management in managing both legal and reputational risks.

Non-adherence to the law and to regulations exposes the Bank to a series of risks, including fines, international or regional sanctions and embargoes, or temporary or permanent withhold of certain activities. Based on the above, it is critical to follow the laws and regulations to avoid financial losses and reputational risk that can lead to the Bank's terminating its activities and exiting from the marketplace.

**The following is the compliance department activities during the financial year 2009/2010:**

#### **A. Instructions from regulatory authorities**

EDBE is complying to all the controls, policies and procedures stipulated by CBE, the Egyptian Financial Supervisory Authority (EFSA), and all other regulatory bodies. The Bank has finalized mapping its database to an electronic format, including all policies and procedures associated with the banking sector. Furthermore, the Bank created an intranet site that encompasses all of the policies, procedures, and applicable laws for the Bank operations to ensure commitment to customers and transparency in operations.

#### **B. New products and services studies**

The Bank is applying strict procedures and internal controls regarding the launch of new banking products and services in compliance with regulators' instructions. This is critical through understanding of the nature and characteristics of each product and service has an impact on customers, the economy, and the Bank.

#### **C. Anti-money laundering and terrorism financing**

EDBE is strictly following the regulations pertaining to money laundering and the financing of terrorism for the year 2008 (July 2009) by classifying customer accounts and the degree of associated risk (Risk-based approach), in terms of money laundering as follows:

- 
- Categorizing all customers in terms of risk in accordance with money laundering and terrorism financing as high, low and medium.
  - Following up on all customers' transactions relevant to the degree of risk.
  - Categorizing all correspondent banks in terms of risk (high, moderate and low).
  - Applying regulations and procedures for updating customer data according to the degree of risk.

According to the above and the strict follow up on the degree of risk, one case was reported to CBE in 2009/2010.

#### **D. Training of Bank staff**

Periodic training is undertaken both for existing and new employees and is considered the cornerstone of the Bank's policy in the fight against money laundering and terrorism financing. All new employees who joined the Bank in the financial year 2009/2010 have run through an introductory training program at the Banking Institute. Moreover, compliance staff have run through advanced training programs.

In the context of commitment with regards to developments in the banking sector, the compliance department is keen on spreading awareness of the regulatory and internal regulations, as well as getting access to the contents of training programs and conferences for all employees through the Bank's intranet site.

#### **E. Systems and work procedures**

The Compliance Department coordinates and reviews all the amendments to the Bank's internal policies and procedures to ensure that no conflict exists with current laws and regulations.

#### **F. Periodic reports**

The Compliance Department submits periodic reports to both regulators and senior management of the Bank as follows:

- **Periodic reports to CBE's unit for combating money laundering:**
  - Annual report on the activities of the department.
  - Quarterly report on updating customers' data according to the degree of risk.
  - Quarterly report on training at the Bank.
- **Periodic reports to senior management:**
  - Quarterly report to the Internal Audit Committee (emanating from the Board of Directors) on the activity of the department during the quarter.
  - Report to the Chairman on the compliance for funding and financial ratios as stipulated by CBE and the Bank's internal policy.

A decision was taken by the Board of Directors based on the recommendations of the audit team of CBE, to segregate the reporting line of the Compliance Department from initially reporting to the Operational Risk Department, to be reporting to the Internal Audit Committee, which emanates from the Board of Directors.

### Third: Information technology

From its inception, EDBE recognized the need to install the latest technological banking solutions to be able to provide a high level of service to its customers within the framework of local and international regulations, which are dependent on the installation of a superior technological infrastructure.

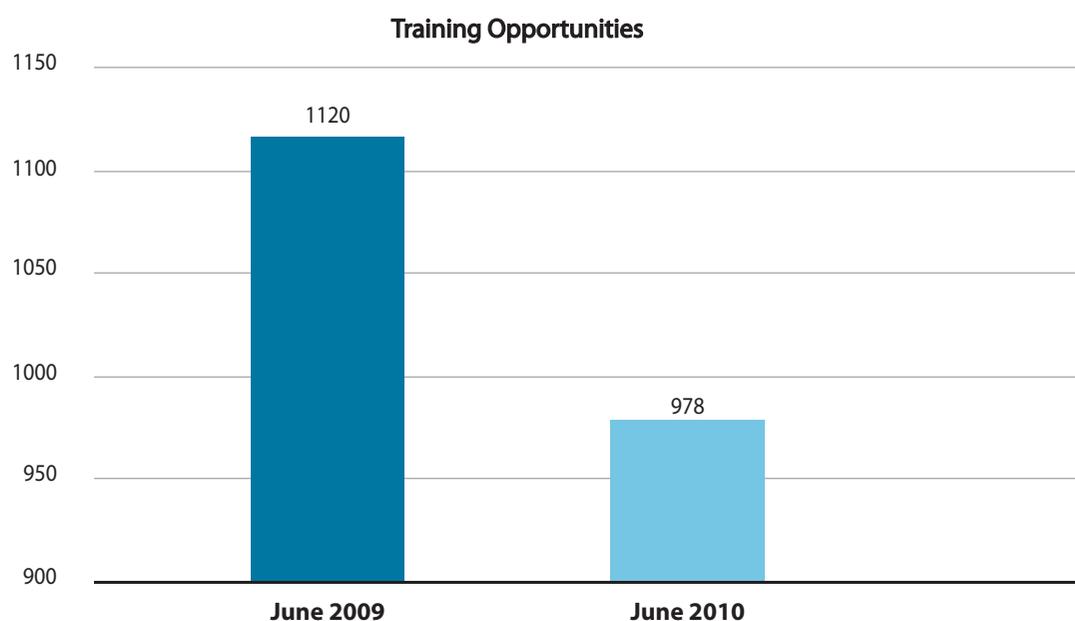
A few years ago, the Bank decided to upgrade its core banking system in collaboration with one of the most established institutions in the field of banking applications. During this year, the Bank successfully implemented the initial stages of the new banking application. The Bank is scheduled to begin working with the new system, according to Basel II conventions, in the beginning of the fiscal year 2010/2011. This is in addition to facilitating compliance to CBE regulations. This in turn will have a positive impact on the quality of services provided by the Bank to its customers.

### Fourth: Human Resources development

#### A. Training

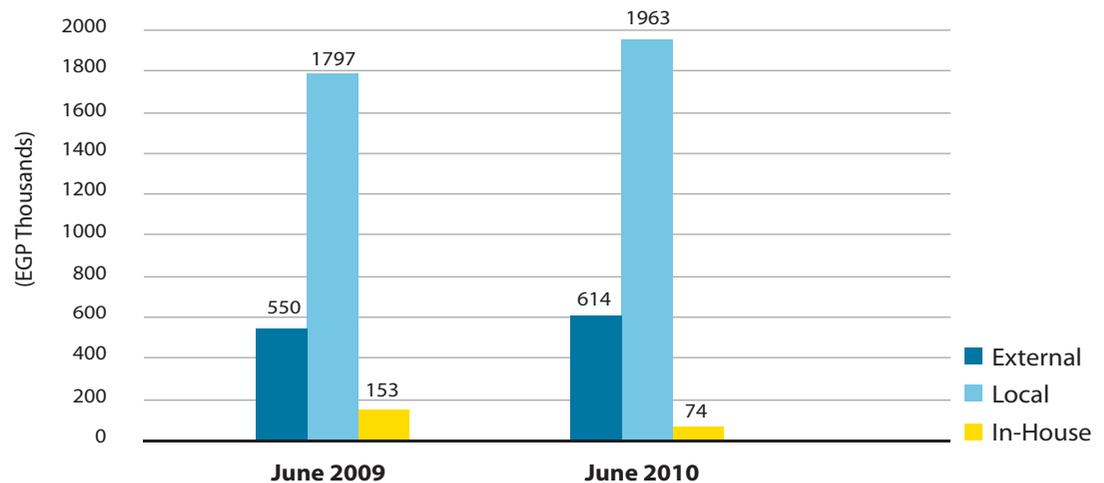
Training activity covering financial year 2009/2010:

	June 2009	June 2010
Training Opportunities	1,120	978
No. of Trainees	524	460
Training Cost (EGP Thousands)	2,500	2,651



**Total cost of training, according to the type of training, covering financial year 2009/2010:**

Type of Training	Number of Trainings in June 2009	Cost in June 2009 per EGP Thousands	Number of Trainings in June 2010	Cost in June 2010 per EGP Thousands
External	18	550	25	614
Local	522	1,797	711	1,963
In-House	580	153	242	74
<b>TOTAL</b>	<b>1,120</b>	<b>2,500</b>	<b>978</b>	<b>2,651</b>



**B. Recruitments and average age**

EDBE adopts a professional policy for recruiting new staff, in collaboration with experts in the field of employment, to meet the human resource requirements of the Bank. This is in line with the development of the new organizational structure that the Bank is adopting to attract high caliber, experienced staff, to enable the Bank to compete in the local market place.

The number of employees hired during the fiscal 2009/2010 was 68, of which 45 were fresh graduates, whilst the total number of employees stood at 877 as of the end of the financial year 2009/2010, compared to 751 employees as of the end of financial year 2008/2009. The average age of employees decreased to 39.8 years in 2010, versus 45 as of June 2006.

**C. Health care services**

Health care services provided to the staff is one of EDBE's key priorities, that is why the Bank renewed its contract with the health service provider. The management is continually following up to ensure that the quality of services provided are high. The Bank has also decided to raise the health coverage for staff from EGP 20,000 to EGP 50,000 for critical situations.

The Bank also agreed to add new international health care treatment features to certain job positions. The new features are available for all staff participation provided they are self-funded. This service is also available to Bank's retirees based on the same self-funding principle.

## 6- Social responsibility and business community support

Corporate social responsibility covers volunteer and charity work across four key concepts, namely respect for the rights of citizens in the community in which these companies operate, respect for the rights of employees, maintaining and protecting the environment, and abiding by the rules of transparency for economic transactions and fighting against corruption.

EDBE believes in the importance of social responsibility. During this fiscal year, the Bank agreed to support an orphanage called Aman to create future equal opportunities for orphaned children providing them with legitimate rights, protecting them against violence, exploitation, and ill treatment. EDBE offered health care services through a team of experts in the field of childhood and human development; thus ensuring the safety of these children. The Bank also contributed by supporting the Upper Egypt Association for Education and Development, to empower local communities, especially the unprivileged, through educational and developmental programs focusing on children, women and youth to acquire self-learning skills and developing their creative abilities. This in turn will improve their health and provide employment opportunities to raise their income and improve their standard of living.

EDBE supported, through Bank donations, during the year an institution called Arafa Charity for Children to provide appropriate health care services to children with special needs. In addition, the Bank donated to Bank Misr Association, for its role in supporting health care, education, culture, and environmental protection. Moreover, the Bank was instrumental in raising awareness of, and fighting against breast cancer, under the auspices of Egypt's first race for the cure of breast cancer hosted and organized by the Egyptian Foundation for Breast Cancer.

On another front, the Bank has continued its initiative towards the unemployed by participating in numerous employment fairs held by Egyptian and foreign universities. These fairs aim to create job opportunities for new graduates. This year, the Bank participated in exhibitions held by the American University in Cairo, the American Chamber of Commerce, the German University in Cairo, and Cairo University in cooperation with the Egyptian Banking Institute and the CBE.

As noted, respect for the rights of employees is one of the pillars of social responsibility for any enterprise, and as such, the Bank provided health care and pensions for employees through an in-house employees' private insurance fund. There is also an employee association that provides special services for employees, including special offers, leisure trips, and trips for Hajj and Umrah for employees and their families. In addition to the above, there are also activities provided by the Bank for human resource development activities.

In support of the business community in Egypt, the Bank has taken great interest in participating and contributing to the activities of the various chambers of commerce, industry, and businessmen associations through participation in exhibitions, seminars, conferences, and forums in coordination and cooperation with the Ministry of Trade and Foreign Industry. The Bank is also working with specialized commodity councils to work on the development of relations with businessmen and exporters alike.

The Bank also places great importance on cooperating with the local business community, with a view of opening new markets and promoting trade through joint meetings organized by the chambers and associations, including: the American Chamber of Commerce; Canadian Chamber of Commerce; French Chamber of Commerce; German Arab Chamber of Industry and Commerce; the Federation of Egyptian Industries; the Egyptian-Chinese Business Council; Canada Egypt Business Council; Egyptian-Kazakhstan Business Council; the Egyptian Businessmen Association; the Egyptian Junior Businessmen Association; British Egyptian Business Association; Federal Association of Chambers of Commerce; Egyptian-European Council; Turkish-Egyptian Businessmen Association; the Egyptian-Malaysian Business Council; the Egyptian Hungarian Business Council; the Arab Investors Union; and the Union of Arab Banks.

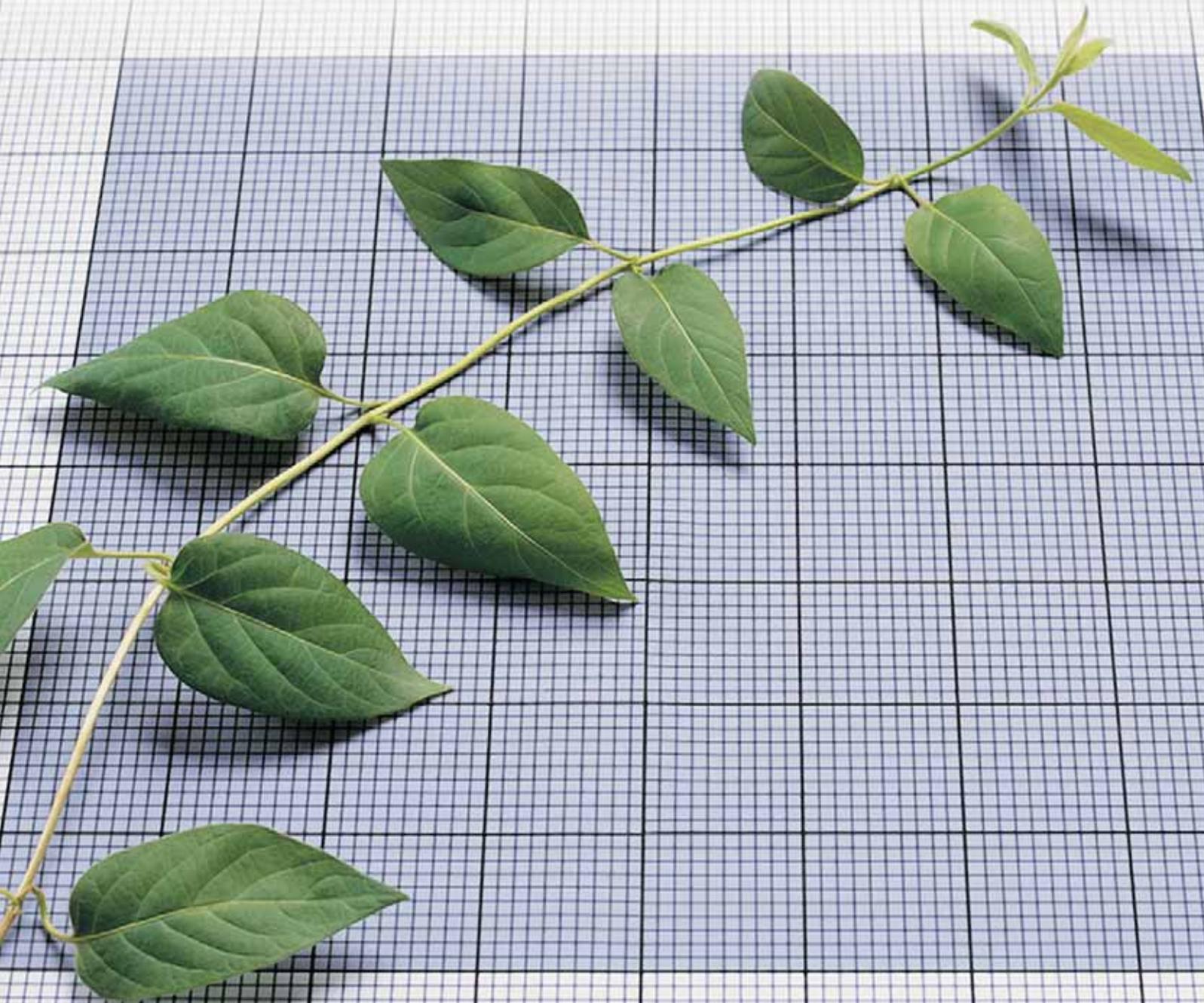
During this year, the Bank also showed interest by supporting one of the most important events of the year; a forum of Chinese and African businessmen that was held in Sharm El Sheikh. The conference aimed at boosting trade and investment relations under the joint auspices of the Egyptian Ministry of Trade and Foreign Industry.





## **Financial Indicators**

Whatever **we plant** in our subconscious mind  
and **nourish with repetition and**  
**emotion** will one day **become a reality.**



## Auditors' Report

on the unconsolidated financial statements  
of Export Development Bank of Egypt (S.A.E.) as at 30 June 2010

### To Shareholders

We have audited the accompanying unconsolidated financial statements of Export Development Bank of Egypt (S.A.E.), which comprise the unconsolidated balance sheet as at 30 June, 2010 and the unconsolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's responsibility for the unconsolidated financial statements

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

### Auditors' responsibility

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

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

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

## **Opinion**

In our opinion, the unconsolidated financial statements, referred to above, present fairly, in all material respects, the unconsolidated financial position of the Export Development Bank of Egypt as of June 30, 2010 and of its financial performance and its cash flows for the year then ended in accordance with Central Bank of Egypt's rules pertaining to the preparation and presentation of financial statements, issued on June 27, 2002, and its amendments, including amendments that relates to financial investment issued on December 16, 2008 and the Egyptian laws and regulations relating to the preparation of these financial statements.

## **Report on other legal and regulatory requirements**

According to the information and explanations given to us – during the financial year ended June 30, 2010 no contravention of the Central Bank, banking and monetary institution law No. 88 of 2003.

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

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

Cairo, 5/9/2010

### **Banks' Auditors**



**Hassanein Kamel Ahmed**

R.A.A. 2409

Fellow of Egyptian Tax Society  
Capital Market Authority. R(2)



**Fatma Mohamed Salah El-Din  
El-Menshawey**

Central Auditing Organization

# Unconsolidated Balance Sheet

As at 30 June 2010

	Note	30 June 2010 LE.	30 June 2009 LE.
<b>Assets</b>			
Cash and due from Central Bank of Egypt	(5)	787,485,228	838,627,339
Due from banks	(6)	571,174,488	587,019,947
Treasury bills and other governmental notes	(7)	610,265,221	1,267,868,070
Trading financial assets	(8)	209,375,523	193,264,226
Loans to customers and banks	(10)	6,747,381,986	7,215,836,764
<b>Financial Investments:</b>			
- Available for sale	(9)	2,059,894,360	1,506,234,557
- Held to maturity	(12)	30,718,400	25,482,385
Financial investments in subsidiaries and associated co.	(13)	435,229,357	288,668,344
Other assets	(14)	767,869,807	518,279,393
Fixed assets	(15)	155,435,012	101,578,858
<b>Total Assets</b>		<b>12,374,829,382</b>	<b>12,542,859,883</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Due to banks	(16)	564,798,673	1,118,811,049
Customers' deposits	(17)	8,752,881,041	8,491,889,108
Other loans	(19)	1,079,505,218	1,342,672,425
Other liabilities	(18)	271,951,126	251,419,392
Other provisions	(20)	40,675,341	39,940,871
Deferred tax	(21)	7,921,568	7,237,728
<b>Total liabilities</b>		<b>10,717,732,967</b>	<b>11,251,970,573</b>
<b>Shareholders' equity</b>			
Paid up capital	(22)	1,200,000,000	1,200,000,000
Reserves	(22)	98,365,484	16,205,716
Retained Earnings		74,683,594	74,683,594
Net income for the year		284,047,337	---
<b>Total shareholders' equity</b>		<b>1,657,096,415</b>	<b>1,290,889,310</b>
<b>Total liabilities and shareholders' equity</b>		<b>12,374,829,382</b>	<b>12,542,859,883</b>
<b>Contingent liabilities and commitments</b>			
Liabilities against letters of guarantee, Documentary credits and other commitments	(23)	2,352,854,578	2,588,085,892

- The accompanying notes are an integral part of these financial statements.
- Auditors' report attached.



**Hisham Ahmed Hassan Youssef**  
Chairman



**Hassanein Kamel Ahmed**  
R.A.A. 2409  
Fellow of Egyptian Tax Society  
Capital Market Authority. R(2)

**Bank's Auditors**



**Fatma Mohamed Salah El-Din**  
**El-Menshawey**  
Central Auditing Organization

## Unconsolidated Income Statement

For the year ended 30 June 2010

	Note	30 June 2010 LE.	30 June 2009 LE.
Interest and similar income		840,610,278	971,470,534
Interest and similar expenses		(548,674,789)	(674,227,895)
<b>Net Interest Income</b>		<b>291,935,489</b>	<b>297,242,639</b>
Fees and commissions Income		107,033,782	106,708,888
Fees and commissions Expenses		(3,237,218)	(3,537,847)
<b>Net income from fees &amp; commissions</b>		<b>103,796,564</b>	<b>103,171,041</b>
Dividends Income		20,454,073	21,402,615
Net Trading Income	(24)	27,304,272	6,785,984
Profit (losses) from Financial Investments		63,542,328	(25,431,369)
Impairment of credit losses		(35,800,000)	(16,508,128)
Administrative expenses		(201,593,189)	(173,554,605)
Other operating income (expenses)	(25)	55,714,400	50,467,651
<b>Net profit before Tax</b>		<b>325,353,937</b>	<b>263,575,828</b>
Income Tax		(40,622,760)	(5,990,002)
Deferred tax		(683,840)	(7,237,728)
<b>Net profit after Tax</b>		<b>284,047,337</b>	<b>250,348,098</b>
Earning per share	(26)	2,08	1,84

- The accompanying notes are an integral part of these financial statements.



**Hisham Ahmed Hassan Youssef**  
Chairman

## Statement of Profit Appropriation

For the year ended 30 June 2010

	30 June 2010 LE.	30 June 2009 LE.
Net profit for the year	284,047,337	250,348,098
<b>Less:</b>		
Gain on sale of fixed assets (transferred to capital reserve)	(425,825)	(699,660)
Net profit for the year – available for appropriation	283,621,512	249,648,438
Accumulated profit at the beginning of the year	74,683,594	0
<b>Total</b>	<b>358,305,106</b>	<b>249,648,438</b>
<b>Distributed as follows:</b>		
Legal reserve	28,362,151	24,964,844
General reserve	0	0
Special reserve	0	0
Dividends to the shareholders	120,000,000	120,000,000
Employees' profit share	28,400,000	25,000,000
Board of directors' remuneration	5,500,000	5,000,000
Accumulated profit at the end of the year	176,042,955	74,683,594
<b>Total</b>	<b>358,305,106</b>	<b>249,648,438</b>

**Hisham Ahmed Hassan Youssef**  
Chairman

## Unconsolidated Statement of Cash flows

For the year ended 30 June 2010

	30 June 2010 LE.	30 June 2009 LE.
<b>Cash flows from operating activities</b>		
Net profit before income tax	325,353,937	263,575,828
<b>Adjustments to reconcile net profit to cash provided from operating activities:</b>		
Depreciation	13,986,670	10,628,405
Impairment of assets	93,129,997	23,613,128
Other Provisions (Formed during the year)	0	199,000
Provisions used (other than provision for doubtful debts)	0	(8,395,022)
Foreign currencies revaluation differences of provisions (other than provision for doubtful debts)	(215,967)	284,953
(Gain) on sale of fixed assets	(425,825)	(699,660)
<b>Operating profit before changes in assets and liabilities used in operating activities</b>	<b>431,828,812</b>	<b>289,206,632</b>
<b>Net decrease (increase) in Assets &amp; Liabilities</b>		
Deposits at banks	29,569,815	2,516,870,978
Treasury bills	927,900,000	(350,625,000)
Trading financial assets	(13,308,323)	(28,339,910)
Loans to customers and banks	424,539,680	(517,573,804)
Other assets	(256,119,488)	63,654,139
Due to banks	(554,012,376)	(1,156,230,871)
Customers' deposits	260,991,933	438,053,412
Other liabilities	155,102,904	(12,451,408)
Income tax paid	(40,622,760)	(5,990,002)
<b>Net cash flows provided from operating activities</b>	<b>1,365,870,197</b>	<b>1,236,574,166</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets and branches improvements	(54,441,536)	(42,547,642)
Proceeds from sale of fixed assets	425,825	699,660
Financial investments other than trading financial assets	(536,869,021)	(324,665,903)
Financial investments in subsidiaries and associated co.	(146,561,013)	(162,095,840)
<b>Net cash flows (used in) investing activities</b>	<b>(737,445,745)</b>	<b>(528,609,725)</b>
<b>Cash flows from financing activities</b>		
(Decrease) in debt instruments & other loans	(263,167,207)	(139,873,098)
Dividends paid	(150,000,000)	(127,000,000)
<b>Net cash flows (used in) financing activities</b>	<b>(413,167,207)</b>	<b>(266,873,098)</b>
Net increase in cash and cash equivalents during the year	215,257,245	441,091,343
Cash and cash equivalents at the beginning of the year	881,896,770	440,805,427
<b>Cash and cash equivalents at the end of the year</b>	<b>1,097,154,015</b>	<b>881,896,770</b>
<b>Cash and cash equivalents are represented in:</b>		
Cash and due from Central Bank of Egypt	787,485,228	838,627,339
Due from banks	571,174,488	587,019,947
Treasury bills and other governmental notes	635,100,000	1,310,325,000
Deposits at banks	(531,080,701)	(560,650,516)
Treasury bills and other governmental notes more than three months	(365,525,000)	(1,293,425,000)
<b>Cash and cash equivalents at the end of the year</b>	<b>1,097,154,015</b>	<b>881,896,770</b>

- The accompanying notes are an integral part of these financial statements.

  
**Hisham Ahmed Hassan Youssef**  
 Chairman

## Unconsolidated Statement of Changes in Shareholders' Equity

For the year ended 30 June 2010

June 30, 2009	Capital LE.	Legal Reserve LE.	General Reserve LE.	Reserve of revaluation of available for sale investments LE.	Other Reserves LE.	Accumulated profits LE.	Net Profit for the year LE.	Total LE.
Balance at the beginning of the year	1,000,000,000	186,686,296	20,874,038	(12,608,909)	60,306,395	0	0	1,255,257,820
Net profit for the year	0	0	0	0	0	250,348,098	0	250,348,098
Dividends paid	0	0	0	0	0	(150,000,000)	0	(150,000,000)
Transferred to reserves	0	24,964,844	0	0	699,660	(25,664,504)	0	0
Net change in available- for- sale investments	0	0	0	(64,716,608)	0	0	0	(64,716,608)
Capital increase	200,000,000	(141,259,737)	(20,874,038)	0	(37,866,225)	0	0	0
<b>Balance at the end of the year</b>	<b>1,200,000,000</b>	<b>70,391,403</b>	<b>0</b>	<b>(77,325,517)</b>	<b>23,139,830</b>	<b>74,683,594</b>	<b>0</b>	<b>1,290,889,310</b>

June 30, 2010	Capital LE.	Legal Reserve LE.	General Reserve LE.	Reserve of revaluation of available for sale investments LE.	Other Reserves LE.	Accumulated profits LE.	Net Profit for the year LE.	Total LE.
Balance at the beginning of the year	1,200,000,000	70,391,403	0	(77,325,517)	23,139,830	74,683,594	0	1,290,889,310
Net profit for the year	0	0	0	0	0	0	284,047,337	284,047,337
Net change in available- for- sale investments	0	0	0	82,159,768	0	0	0	82,159,768
<b>Balance at the end of the year</b>	<b>1,200,000,000</b>	<b>70,391,403</b>	<b>0</b>	<b>4,834,251</b>	<b>23,139,830</b>	<b>74,683,594</b>	<b>284,047,337</b>	<b>1,657,096,415</b>

# Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2010

## 1. ACTIVITY

Export Development Bank of Egypt (Egyptian Joint Stock Company) was established on July 30, 1983 under Law No. 95 of 1983 and its executive regulations. The objective of the Bank is to encourage, develop Egyptian export activities, and assist in developing agricultural, industrial, and commercial and service exporting sectors, also to provide all investment banking services in local and foreign currencies through its head office and fifteen branches.

## 2. THE APPLIED SIGNIFICANT ACCOUNTING POLICIES

### A) Basis of preparing financial statements

The unconsolidated financial statements are prepared in accordance with the central bank of Egypt regulations issued on 27th of June 2002 and its amendments made to the financial investments issued on December 16, 2008 and in accordance with the related Egyptian laws and regulations.

Change in accounting policy represented in the applicable of accounting adjustment on the measurement of Available for Sale Investments from the lower of cost or fair value (taking into consideration the FX revaluations) with the difference to "Income Statement" to fair value with changes to equity till the disposal of the asset or its fully impairment then the profits & losses that have been previously recognized directly in equity is removed from equity and recognized in the income statement.

### B) Foreign currencies transactions

The Bank maintains its accounts in Egyptian Pound and transactions in foreign currencies are translated during the financial year at the exchange rates prevailing at the transaction date. At the year-end all monetary assets and liabilities in foreign currencies are revalued at the exchange rates prevailing at that date. Foreign currencies translation differences are charged to the following items in the income statement:

- Net Trading Income for assets & liabilities other than for trading purposes.
- Other Operating Income (loss) for other items.
- Translation differences on non- monetary items (equity instruments) held at fair value through profit & loss are also reported through income statement whereas for these classified as available –for-sale are recorded directly in equity.

### C) Revenue recognition

Income is recognized on accrual basis except for the interest income on Non-performing loans, which ceases when the recovery of interest or principle is doubtful. Dividends from investments are recognized when declared.

### D) Treasury bills

Treasury bills and other governmental notes are recorded at nominal value, and the related discount is included under the caption "Credit balances and other liabilities". Treasury bills and other governmental notes appear on the balance sheet at their nominal value net of discount.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2010

### **E) Financial assets**

The Bank classifies the financial assets among the following groups: Assets designated at fair value through profit and loss, loans to customers & banks, Held to maturity investments and Available for sale investments, as the Bank's management designated its classification upon first recognition.

#### **E/1) Financial assets designated at fair value through income:**

- Consists of financial assets held for trading & financial assets that the Bank upon initial recognition designates to be measured at fair value with Changes reported in income.
- Financial instruments held for trading are those that the Bank holds primarily for the purpose of short-term profit-taking or if it represents a part of specified financial instruments portfolio and there is an evidence of short-term profit taking. In addition, derivatives are classified as held for trading unless the derivatives are qualified under hedging accounting.
- Financial assets designated at fair value through income statement are recognized in those cases:
  - When it relates to an investment in equity instruments that are managed and evaluated on a fair value basis according to the investment strategies or the risk management and been reported to the senior management according to that basis.
  - Financial instruments, such as holding Debt instrument, which contains one or more of the implicit derivatives, which affects strongly on cash flow, are classified as change in fair value through profit and loss.
- Gains or losses resulted from changes in the derivatives' fair value which related to financial assets or liabilities classified primarily by fair value through profit and losses are recorded in income statement "Net income from financial instruments classified primary by fair value through profit and losses".
- Any derivative or financial instrument that designated to be measured at fair value with changes through profit and loss is not reclassified during the holding period from the group of financial instruments if it is initially classified as change in fair value through profit and loss. Also the Bank should not reclassify any financial instrument into financial instrument measured at fair value with changes through Profit and loss or to financial assets held for trading if such instrument is designated by the Bank at initial recognition as an instrument valued at fair value through profit and loss.

#### **E/2) Held to maturity investments**

Held to Maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank management has the ability and the intent to hold it for the near future or maturity. Any sales of a significant amount not close to their maturity - except the emergency cases - would result in the reclassification of all held to maturity investments as available-for-sale.

### **E/3) Available for sale investments**

Available for sale investments represented in non-derivative assets that there is an intention to keep it for indefinite period, and which can be sold in order to fulfill liquidity requirements or to meet any changes in interest or exchange rates or prices of stocks.

#### **The following is applicable to financial assets:**

- For the assets classified at fair value through P/L, held to maturity investments and available for sale investments buying and selling operations are recognized as usual on the trade date which is the date that the Bank is committed to buy or sell the financial asset .
- A financial asset that does not originally classify at fair value through P/L is initially recognized at fair value plus transaction costs. A financial asset that is originally classified at fair value through P/L is initially recognized at fair value only and the transaction costs are transferred to P/L in "Net income from trading activities".
- A financial asset is derecognized when the rights to receive cash flows have expired or the Bank has transferred substantially all the risks and rewards of ownership, financial liabilities is derecognized when it disposed or cancelled or on expiry.
- Available for sale investments and financial assets designated at fair value through P/L are subsequently held at fair value whereas held to maturity investments and loans are measured at amortized cost using the effective interest rate method.
- Gains and losses arising from changes in the fair value of available-for-sale assets should be recognized directly in equity in the same year of occurrence, through the statement of changes in equity, until the financial asset is sold, collected, or otherwise disposed of, at which time the cumulative gain or loss previously recognized in equity should be recognized in profit or loss.
- Monetary assets' interest income is recognized based on the amortized cost method in the income statement. The foreign currency revaluations differences related to available for sale investments are recognized in the income statement. Available for sale equity instruments related dividends are recognized in the income statement when they declared.
- Fair values are obtained from quoted market prices in liquid markets. Where no active market exists, or quoted prices are unobtainable, the fair value is estimated using a variety of valuation techniques – including discounted cash flow and other pricing models. Inputs to pricing models are generally market-based when available and taken from reliable external data sources. If the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity may measure the equity instrument at cost minus any impairment losses.

### **F) Derivatives & embedded derivatives**

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

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2010

### **G) Impairment of financial assets**

#### **G/1) Financial investment held to maturity**

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of financial assets is impaired. A financial asset or portfolio of financial assets is impaired and impairment losses are 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 future cash flows of the financial asset or the portfolio that can be reliably estimated.

Objective evidence that a financial asset or a portfolio 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 obligor;
- It becomes probable that the borrower will enter bankruptcy or other financial Re-organization.

#### **G/2) Available for sale investments**

The Bank assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets under available for sale investments or held to maturity investment is impaired. In the case of equity instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether impairment exists.

### **H) Valuation of investments in subsidiaries and associations**

Investments in subsidiaries are to be valued at cost and if there is a decline in the fair value below the book value, the book value is adjusted for each investment separately. Valuation differences are to be charged to the income statement as other investments evaluation differences. If the fair value of investment is higher than the cost, the increase is to be recognized to the income statement to the extent of valuation differences recognized.

### **I) Valuation of assets acquired by the Bank in settlement of debts**

The assets acquired by the Bank in settlement of debts are recorded in the debit balances and other assets on the basis of their actual acquisition value. In case the assets' fair value falls below the value at which such assets have been acquired by the Bank on the balance sheet date, the difference is charged to the income statement. In case of an increase in the fair value, such increase is recognized in the income statement to the extent of revaluation losses recognized in the income statement for previous periods.

### **J) Loans and contingent liabilities provisions**

Provisions are made for specific loans and contingent liabilities as per customer credit assessment criteria issued by Central Bank of Egypt circular dated June 6, 2005 with the management experience and detailed periodic studies for the balances of loans and contingent liabilities. Loans are written off against the provision when

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it is no longer feasible to collect such loans. Collections from loans previously written off are added back to the provision.

### **K) Contingent liabilities and commitments**

Contingent liabilities and commitments resulting from forward deals and swaps contracts are presented as off-balance sheet items under the caption "contra accounts" since they do not represent actual liabilities or assets at the balance sheet date.

### **L) Cash and cash equivalent**

For the purposes of preparing the cash flow statement, the cash and cash equivalents include cash, reserves with Central Bank, due from banks and treasury bills due within three months.

### **M) Depreciation and amortization**

The fixed assets are booked as per actual acquisition cost inclusive all related expenses in the process of obtaining and installing in a usage state. This is on condition that the cost does not exceed market value for the fixed assets. The fixed assets are shown on the financial statements as a net amount after deducting accumulated depreciation. The fixed assets are depreciated using the straight-line method based on appropriate depreciation rates which are determined on the basis of estimated life for each asset as follows :-

Premises 2.5% - Electrical equipments 10% - Mobiles 33.33% - Safe boxes 2% - Calculators, typewriters, photocopiers & faxes 12.5% - Furniture 10% - Vehicles and transportation means 20% - Computer 20% - Telephone lines & Fire extinguishers 10% - Fittings, improvements and air- conditioners 20% - Decorations 25%.

### **N) Taxes**

- Tax dues are calculated in accordance with the applicable laws and regulations.
- Tax provisions are made according to a detailed study based on current tax claims.

### **O) Deferred taxes**

- Income Tax on the Bank's profit for the financial period comprises current and deferred tax is recognized in the Income statement –calculated based on laws, regulations, & applicable instructions valid in that concern, where income tax related to shareholders' equity is recognized directly in equity section.
- Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the financial position date.
- Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position date.

# Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2010

- A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### 3.1 Financial instruments

a) Financial Instruments of the Bank are represented in its financial assets and liabilities. Financial assets include cash, due from banks, investments and loans to customers. Financial liabilities include customers' deposits, due to banks long term loans. Financial instruments also include rights and obligations recorded as contingent liabilities and commitments. Note (2) presents the accounting policies for recognizing and measuring the most significant financial instruments and the related revenues and expenses.

#### b) Forward contracts

According to the Central Bank of Egypt regulations, the Bank does not carry out forward contracts except to cover its required needs of foreign currencies or customers needs to meet their foreign currencies obligations that result from dealing with the Bank. All forward contracts are short-term transactions.

### 3.2 Risk management for the financial instruments

#### a) Interest rate risk

The values of various financial instruments fluctuate due to the fluctuation in interest rates related thereto. The Bank follows certain procedures to minimize that risk such as:

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

Note (29) to the financial statements discloses the average interest rates applied by the Bank during the year on these financial assets and liabilities.

#### b) Credit risk

Loans to customers, investments in bonds, current accounts, deposits with banks and rights and obligations from others are financial assets exposed to the credit risk which is represented in these parties inability to repay in part or in full amount of the loan granted to them at maturity.

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

- Preparing credit studies about the customers before dealing with them and determining of the credit risk rates related thereto.
- Obtaining the adequate guarantees to reduce the risks resulting from insolvency of customers.

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- Monitoring and preparing periodic studies about customers in order to evaluate their financial and credit position and estimate the required provisions for non-performing loans.
  - Distribution of loans portfolio and due from banks over various sectors to avoid concentration of risk.

Note (31) to the financial statements discloses the distribution of the loans portfolio among various sectors.

### **c) Foreign currencies risk**

Due to the nature of the Bank's activities, there is a requirement to deal in many foreign currencies which exposes the Bank to the risk of fluctuation in exchange rates. To minimize this risk, the Bank monitors its foreign currencies positions according to the relevant Central Bank of Egypt instructions.

Note (32) to the financial statements discloses significant foreign currency positions at the date of the balance sheet.

## **4. ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements requires management to make subjective judgments and estimates, at times, regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures. Those judgments and estimates are based on historical experience and other factors containing the expectations of the future events that are reasonable estimated in accordance of the available conditions & information.

### **a) Impairment of investments in available for sale equity instruments**

In case of investments in available for sale equity instruments, a significant or Continuous decline in the fair value of the security below its cost is considered as impairment. Where such evidence exists, significant or Continuous decline needs a personal judgment. To make this judgment the Bank assesses – besides other factors - the common share price volatility. In addition, impairment exists when there is objective evidence that a certain company has a financial difficulty in its cash flow from operating and financing activities, industry tool or sector or technological advances.

### **b) Held to maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity. This category requires personal judgment therefore the Bank tests whether there is a genuine intent and ability to hold such investments to maturity.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2010

### 5. CASH AND DUE FROM CENTRAL BANK OF EGYPT

	30 June 2010 LE.	30 June 2009 LE.
Cash on hand	19,200,080	21,722,440
Due from Central Bank of Egypt (mandatory reserve)	768,285,148	816,904,899
	<b>787,485,228</b>	<b>838,627,339</b>

### 6. DUE FROM BANKS

	30 June 2010 LE.	30 June 2009 LE.
<b>A. Central Bank of Egypt</b>		
Time deposits	18,729,000	---
<b>B. Local Banks</b>		
Current Accounts	1,522,507	792,525
Time deposits	35,445,405	81,661,073
<b>C. Foreign Banks</b>		
Current accounts	38,571,280	25,576,906
Time deposits	476,906,296	478,989,443
	<b>571,174,488</b>	<b>587,019,947</b>

### 7. TREASURY BILLS AND OTHER GOVERNMENTAL NOTES

	30 June 2010 LE.	30 June 2009 LE.
Treasury bills, maturity 91 days	269,575,000	16,900,000
Treasury bills, maturity 182 days	79,525,000	45,775,000
Treasury bills, maturity 364 days	286,000,000	1,247,650,000
<b>Less:</b> Unearned income	(24,834,779)	(42,456,930)
	<b>610,265,221</b>	<b>1,267,868,070</b>

## 8. TRADING FINANCIAL ASSETS

	30 June 2010 LE.	30 June 2009 LE.
<b>Stocks:</b>		
International Co. for Agricultural Crops	1,349,475	---
<b>Mutual Funds:</b>		
EDBE Mutual Fund Certificates (The First)	25,437,954	26,065,123
Monetary Arab Investment Fund	10,029,470	---
SANABEL Investment Fund	---	7,676,000
Principle bank for development & agricultural credit investment fund (The First)	---	4,465,000
Piraeus mutual fund	---	4,285,000
MAN AHL GUARANTEED FUTURE 3 <sup>RD</sup> FUND	11,669,465	11,699,834
<b>Investments portfolios managed by others</b>	160,889,159	139,073,269
	<b>209,375,523</b>	<b>193,264,226</b>
<b>Trading financial assets are represented in:</b>		
Listed on the Stock Market	162,238,634	139,073,269
Unlisted on the Stock Market	47,136,889	54,190,957
	<b>209,375,523</b>	<b>193,264,226</b>

## 9. AVAILABLE FOR SALE INVESTMENTS

	30 June 2010 LE.	30 June 2009 LE.
<b>A. Investments in shares</b>		
Bank shares	5,325,012	5,232,634
Company shares	575,700,785	526,216,577
<b>B. Investments in bonds</b>		
Treasury bonds	712,758,414	242,591,042
Bank bonds	18,642,659	19,899,618
Company bonds	747,467,490	712,294,686
	<b>2,059,894,360</b>	<b>1,506,234,557</b>
<b>Available for sale investments are represented in:</b>		
Listed on the Stock Market	1,290,938,625	821,451,658
Not listed on the Stock Market	768,955,735	684,782,899
	<b>2,059,894,360</b>	<b>1,506,234,557</b>

The market value of available for sale investments listed on the stock market amounted to LE. 1,290,938,625 as at June 30, 2010 in comparison to LE. 821,451,658 as at June 30, 2009.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2010

### 10. LOANS TO CUSTOMERS AND BANKS (NET)

	30 June 2010 LE.	30 June 2009 LE.
Discounted bills	65,731,938	130,851,345
Loans to customers	7,478,723,431	7,753,321,855
Loans to banks	---	81,493,345
	<b>7,544,455,369</b>	<b>7,965,666,545</b>
<b>Less:</b>		
Loan loss provision	(796,941,318)	(749,391,742)
Interest in suspense	(132,065)	(438,039)
	<b>6,747,381,986</b>	<b>7,215,836,764</b>

### 11. LOAN LOSS PROVISION (PERFORMING/NON PERFORMING)

	30 June 2010		
	Non performing LE.	performing LE.	Total LE.
Balance at the beginning of the year	607,870,739	141,521,003	749,391,742
Charged during the year	35,800,000	---	35,800,000
Collections of loans previously written-off & settled	11,000,000	2,653,567	13,653,567
Transferred from (to) General provision (specific provision)	9,212,582	(9,212,582)	---
Transferred from Other provisions	---	(757,118)	(757,118)
Foreign currencies revaluation differences	(210,444)	(421,286)	(631,730)
Provision used during the year	(515,143)	---	(515,143)
Transferred (to) other revenues	---	---	---
Balance at the end of the year	663,157,734	133,783,584	796,941,318

	30 June 2009		
	Non performing LE.	performing LE.	Total LE.
Balance at the beginning of the year	749,942,947	91,181,710	841,124,657
Charged during the year	15,689,192	---	15,689,192
Collections of loans previously written-off & settled	---	7,142,335	7,142,335
Transferred from (to) General provision (specific provision)	(35,882,187)	35,882,187	---
Transferred from Other provisions	9,292,640	6,175,005	15,467,645
Foreign currencies revaluation differences	12,298,392	1,139,766	13,438,158
Provision used during the year	(108,470,245)	---	(108,470,245)
Transferred (to) other revenues	(35,000,000)	---	(35,000,000)
Balance at the end of the year	607,870,739	141,521,003	749,391,742

## 12. INVESTMENTS HELD TO MATURITY

	30 June 2010 LE.	30 June 2009 LE.
BNP Target Return	8,026,815	7,887,566
EDBE Mutual Fund certificates (First)	5,000,022	5,000,022
EDBE Mutual Fund certificates (Second)	17,691,563	12,594,797
	<b>30,718,400</b>	<b>25,482,385</b>
<b>Investments held to maturity are represented in:</b>		
Listed on the Stock Market	---	---
Unlisted on the Stock Market	30,718,400	25,482,385
	<b>30,718,400</b>	<b>25,482,385</b>

## 13. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

	30 June 2010 LE.	ﺍﻩ	30 June 2009 LE.	%
<b>A. Investments in subsidiaries</b>				
Egypt Capital Holding Co.	199,990,000	99,9	---	--
Egyptian Co. for export guarantees	176,381,800	70,55	176,381,800	70,55
<b>B. Investments in associated companies</b>				
Philae for Floating Hotels	1,516,666	27,50	1,516,666	27,50
Egyptian Tourism Development Co.	20,000,003	40	49,356,400	98,71
Egyptian Co. for Tourism & Services (Safeir El Hurghada)	10,909,738	40	23,741,778	87,05
The Touristic Investment Company (Sahl Hashish)	26,431,150	30,36	37,671,700	43,29
	<b>435,229,357</b>		<b>288,668,344</b>	
<b>Investments in subsidiaries and associations are represented in:</b>				
Listed on the Stock Exchange	---		---	
Not listed on the Stock Exchange	435,229,357		288,668,344	
	<b>435,229,357</b>		<b>288,668,344</b>	

The value of Bank's contribution in following companies had been reduced due to sale to Egypt Capital Holding Co. as follows:

- Egyptian Co. for Tourism & Services (Safeir El Hurghada) with a sale value of LE. 15 millions by a percentage of 47.05%.
- Egyptian Tourism Development Co. with a sale value of LE. 135 millions by a percentage of 58.71%.
- The Touristic Investment Company (Sahl Hashish) with a sale value of LE. 24 millions by a percentage of 12.93%.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2010

### 14. OTHER ASSETS

	30 June 2010 LE.	30 June 2009 LE.
Accrued revenue	85,016,797	75,155,982
Prepaid expenses	3,340,558	7,506,279
Advances to purchase fixed assets	32,719,273	46,120,561
Assets acquired by the Bank in settlement of debts	383,685,393	376,813,178
Deposits and stamps	951,014	878,321
Other debit balances	262,156,772	11,805,072
	<b>767,869,807</b>	<b>518,279,393</b>

Valuation of the assets acquired by the Bank in settlement of debts is recorded in accordance with the related Central Bank of Egypt regulations. In case the assets' fair value falls below the value at which such assets have been acquired by the Bank on the balance sheet date, the difference is charged to other expenses in the income statement. In case of an increase in the fair value, such increase is recognized in the income statement to the extent of revaluation losses recognized in the income statement for previous financial periods.

Assets acquired by the Bank in settlement of debts include an amount of LE. 7 470 493 at financial position date represents assets acquired by the Bank not registered yet at the Bank's name, legal procedures are currently taking place to register these assets.

Advances to purchase fixed assets include an amount of LE. 24 797 250 at financial position date represents projects under construction not registered yet at the Bank's name, legal procedures are currently taking place to register these assets.

#### The accrued revenue is represented in:

	30 June 2010 LE.	30 June 2009 LE.
Medium term loans	42,538,287	47,464,787
Due from banks	176,087	2,893,995
Investment securities	42,302,423	24,797,200
	<b>85,016,797</b>	<b>75,155,982</b>

## 15. FIXED ASSETS (NET)

Particulars	Land LE.	Premises LE.	Computers LE.	Vehicles LE.	Fixture and improvements LE.	Equipment LE.	Furniture LE.	Others LE.	Total LE.
Cost at the beginning of the year	14,273,911	84,442,194	35,991,104	6,764,060	45,733,301	4,476,757	2,269,129	3,889,493	197,839,949
Additions during the year	--	14,177,192	11,869,144	2,144,000	36,009,291	1,342,252	2,252,402	48,543	67,842,824
Disposals during the year	--	---	(3,079,821)	(998,470)	(135,950)	(89,318)	(21,398)	(109,510)	(4,434,467)
Cost at the end of the year (1)	14,273,911	98,619,386	44,780,427	7,909,590	81,606,642	5,729,691	4,500,133	3,828,526	261,248,306
Accumulated depreciation at the beginning of the year	--	22,213,191	22,967,817	4,664,426	40,301,771	2,922,553	1,709,905	1,481,428	96,261,091
Depreciation charged for the year	--	2,335,029	4,765,731	1,113,617	5,116,513	294,598	245,912	115,270	13,986,670
Accumulated depreciation for disposals	---	---	(3,079,821)	(998,470)	(135,950)	(89,318)	(21,398)	(109,510)	(4,434,467)
Accumulated depreciation at the end of the year (2)	---	24,548,220	24,653,727	4,779,573	45,282,334	3,127,833	1,934,419	1,487,188	105,813,294
Net book value at the end of the year (1-2)	14,273,911	74,071,166	20,126,700	3,130,017	36,324,308	2,601,858	2,565,714	2,341,338	155,435,012
Net book value at the beginning of the year	14,273,911	62,229,003	13,023,287	2,099,634	5,430,099	1,555,635	559,224	2,408,065	101,578,858

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2010

### Other fixed assets are represented in:

	30 June 2010 LE.,000	30 June 2009 LE.,000
Typewriters & Calculators	88	141
Safe boxes	2,253	2,267
<b>Total</b>	<b>2,341</b>	<b>2,408</b>

- Fixed assets (net) include an amount of LE. 28 819 847 represents assets not registered yet at the Bank's name, legal procedures are currently taking place to register these assets.

### 16. DUE TO BANKS

	30 June 2010 LE.	30 June 2009 LE.
<b>A. Local Banks</b>		
Current accounts	93,788	910,189
Time deposits	493,514,885	1,042,199,756
<b>B. Foreign Banks</b>		
Current accounts	--	550,327
Time deposits	71,190,000	75,150,777
	<b>564,798,673</b>	<b>1,118,811,049</b>

### 17. CUSTOMERS' DEPOSITS

	30 June 2010 LE.	30 June 2009 LE.
Demand deposits	986,177,519	923,267,430
Call and time deposits	4,088,945,422	4,297,059,841
Saving deposits and certificates	3,338,591,777	2,758,729,863
Other deposits	339,166,323	512,831,974
	<b>8,752,881,041</b>	<b>8,491,889,108</b>

### 18. OTHER LIABILITIES

	30 June 2010 LE.	30 June 2009 LE.
Accrued interest	48,705,063	39,355,455
Unearned income	4,625,216	5,115,565
Accrued expenses	7,731,829	4,187,696
Accrued tax and insurance	4,934,360	4,888,599
Dividends paid	105,388	150,000,000
Other credit balances	205,849,270	47,872,077
	<b>271,951,126</b>	<b>251,419,392</b>

## 19. OTHER LOANS

Particulars	Maturity date	Maturing through next year LE.	Balances as of 30/06/2010 LE.	Balances as of 30/06/2009 LE.
European Investment Bank loan (Contributions)	--	---	---	2,472,378
European Investment Bank loan-1 (Contributions)	31/10/2013	---	10,892,596	14,463,750
European Investment Bank loan-2 (Contributions)	31/10/2013	---	11,746,350	11,542,575
European Investment Bank loan	15/3/2013	22,915,879	68,747,638	90,073,344
National Investment Bank loan (Fifth)	30/6/2010	---	---	1,000,000
National Investment Bank loan (Seventh)	30/6/2012	1,000,000	2,000,000	24,500,000
National Investment Bank loan (Eighth)	30/6/2011	18,333,333	18,333,333	36,666,666
National Investment Bank loan (Ninth)	30/6/2012	15,833,333	31,666,667	47,500,000
National Investment Bank loan (Tenth)	30/6/2013	22,500,000	67,500,000	90,000,000
National Investment Bank loan (Eleventh)	30/6/2014	25,000,000	100,000,000	125,000,000
National Investment Bank loan (Twelfth)	30/6/2015	25,000,000	125,000,000	150,000,000
Commercial International Bank (ASDP)	9/7/2013	32,812,857	46,303,929	46,391,137
European Investment Bank loan - 2 \$	15/9/2016	7,848,922	51,017,987	57,845,690
European Investment Bank loan - 2 EURO	15/9/2016	18,331,803	119,156,718	155,531,885
Arab Trade Financing Program	15/6/2012	14,238,000	28,476,000	97,937,000
Wells Fargo Bank Loan	11/2/2011	284,760,000	284,760,000	279,820,000
Arab investment company (TAIC)	26/7/2010	113,904,000	113,904,000	111,928,000
		<b>602,478,127</b>	<b>1,079,505,218</b>	<b>1,342,672,425</b>

## 20. OTHER PROVISIONS

	30 June 2010					
	Balance at the beginning of the year LE.	Charged during the year LE.	Transferred from other resources LE.	Foreign currencies revaluation differences LE.	Used during the year LE.	Balance at the end of the year LE.
Provisions for assets reverted to Bank in settlement of debts	---	---	2,193,320	---	---	2,193,320
Provision for claims	29,918,348	---	---	498	(2,000,000)	27,918,846
Provision for contingent liabilities	10,022,523	757,117	---	(216,465)	---	10,563,175
	<b>39,940,871</b>	<b>757,117</b>	<b>2,193,320</b>	<b>(215,967)</b>	<b>(2,000,000)</b>	<b>40,675,341</b>

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2010

30 June 2009

	Balance at the beginning of the year LE.	Charged during the year LE.	Transferred from Loan loss provision LE.	Transferred from other resources LE.	Foreign currencies revaluation differences LE.	Used during the year LE.	Balance at the end of the year LE.
Provision for claims	47,054,196	199,000	(9,292,640)	88,189	264,625	(8,395,022)	29,918,348
Provision for contingent liabilities	16,177,200	---	(6,175,005)	---	20,328	---	10,022,523
	<b>63,231,396</b>	<b>199,000</b>	<b>(15,467,645)</b>	<b>88,189</b>	<b>284,953</b>	<b>(8,395,022)</b>	<b>39,940,871</b>

### 21. Deferred Tax

Deferred tax recognized which resulted in asset (liability) is attributable to the following:

	30 June 2010 LE.	30 June 2009 LE.
Fixed assets (Depreciation)	(7,921,568)	(7,237,728)

### 22. PAID UP CAPITAL AND RESERVES

#### A. Capital

The authorized capital amounted to LE. 2,000,000,000. The issued and paid up capital amounted to LE. 1,200,000,000 as of June 30, 2010, distributed over 120,000,000 common shares with a par value of LE. 10 each.

#### B. Reserves

In accordance with the Bank's statute, a 10% of annual net profit is transferred to the legal reserve; such transfer is possible to be ceased when the legal reserve reaches 50% of issued capital.

As to financial investments, the financial statements have been prepared according to the rules of preparing Bank's financial statements, and recognition & measurement principles approved by the CBE board on its assembly dated 16/12/2008, with an exception of rules concerning investments in subsidiary and associates co., where all valuation differences of available for sale investments (A.F.S) whether the positive or negative ones have been transferred to a revaluation reserve for A.F.S investments. Except to negative differences which represent impairment in the value of the asset recorded in the income statement other than in the equity section.

Reserves on 30 June 2010 represented in the following:

	30 June 2010 LE.	30 June 2009 LE.
Legal reserves	70,391,403	70,391,403
Reserve of revaluation of available for sale investments	4,834,251	(77,325,517)
Other reserves	23,139,830	23,139,830
	<b>98,365,484</b>	<b>16,205,716</b>

## 23. CONTINGENT LIABILITIES AND COMMITMENTS

	30 June 2010 LE.	30 June 2009 LE.
Letters of guarantee	1,168,497,246	1,650,952,581
Letters of credit (Import)	802,830,953	503,831,964
Letters of credit (export – confirmed)	29,133,074	108,984,650
Shipping documents (export)	145,569,771	249,764,197
Outstanding forward contracts	206,823,534	74,552,500
	<b>2,352,854,578</b>	<b>2,588,085,892</b>

## 24. Net Trading Income

	30 June 2010 LE.	30 June 2009 LE.
Profit (losses) from foreign exchange	23,294,106	29,153,001
Profit (losses) from revaluing trading assets & liabilities in foreign currencies	183,368	463,904
Profit arising from sale of trading investments	1,023,824	570,316
Valuation differences of trading investments	2,802,974	(23,401,237)
	<b>27,304,272</b>	<b>6,785,984</b>

## 25. Other operating income (expenses)

	30 June 2010 LE.	30 June 2009 LE.
Profit (losses) from assets & liabilities revaluation except trading financial assets	6,976,978	2,089,516
Profits arising from selling of Equipment and fixed assets	425,825	699,660
(Burden) Recovery from other provisions	---	(199,000)
Sundry service income	3,868,995	3,575,109
Central custody income	634,051	682,797
Collected Telex, Swift, Postage, Printed matters & Photocopy	6,307,994	6,484,143
Legal service income	169,264	181,000
Miscellaneous income*	41,771,949	39,130,814
Valuation differences of assets acquired by Bank in settlement of debts	(1,182,900)	(1,064,007)
Trust expenses	(278,307)	(210,236)
Miscellaneous expenses	(2,979,449)	(902,145)
	<b>55,714,400</b>	<b>50,467,651</b>

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2010

\* Miscellaneous income includes an amount of LE. 37 million represents taxes paid on issuance premium of stocks in 1997 approved by the tax authority for the Bank, also the comparative figure includes an amount of LE. 35 million represents the surplus in provisions no longer needed in September 30, 2008; such increase was debited from loan provision.

### 26. EARNING PER SHARE

	30 June 2010 LE.	30 June 2009 LE.
Net profit for the year	284,047,337	250,348,098
Board of directors remuneration	(5,500,000)	(5,000,000)
Employees profit share	(28,400,000)	(25,000,000)
Shareholders' share in the net profit	250,147,337	220,348,098
Weighted average of number of shares	120,000,000	120,000,000
Earning per share	<b>2.08</b>	<b>1.84</b>

### 27. THE CAPITAL COMMITMENTS

The value of the outstanding commitments related to investments, which are not requested for payment, amounted to LE. 172 956 thousands.

	Value of shares LE.,000	Paid amount LE.,000	The rest not requested LE.,000
Investments available for sale	346,081	223,123	122,958
Investments in subsidiary co.	249,988	199,990	49,998
	<b>596,069</b>	<b>423,113</b>	<b>172,956</b>

### 28. MATURITY OF ASSETS AND LIABILITIES

	Maturity within one year LE.	Maturity more than one year LE.
<b>Assets</b>		
Cash and due from Central Bank of Egypt	787,485,228	---
Due from banks	571,174,488	---
Treasury bills and other governmental notes	610,265,221	---
Trading financial assets	209,375,523	---
Available for sale investments	614,902,653	1,478,868,564
Loans to customers and banks	3,341,137,927	4,203,317,442
Investments held to maturity	---	30,718,400
Investments in subsidiaries and associates	---	435,229,357
	<b>6,134,341,040</b>	<b>6,148,133,763</b>
<b>Liabilities</b>		
Due to banks	564,798,673	---
Customers' deposits	5,414,289,263	3,338,591,778
Other loans	602,478,127	477,027,091
	<b>6,581,566,063</b>	<b>3,815,618,869</b>

## 29. APPLIED INTEREST RATES DURING THE YEAR

The average interest rate on assets and liabilities were 6.34% and 4.14% respectively.

## 30. TAX STATUS

- The Bank is subject to law No. 95 of 1983 and its amendments, so it is exempted from corporate tax for five years starting from the subsequent year to the start up of operations, which was February 3, 1985. Therefore, starting from the year 1990/1991, the Bank was subjected to corporate tax.
- The Bank's branch at 10th of Ramadan City started its activity during 1989/1990, and obtained an approval of ten years tax exemption for the branch starting January 1, 1990.
- The Bank's branch at 6th of October City started its activity during 1997, and obtained an approval of ten years tax exemption for the branch starting July 1, 1997 till June 30, 2007.
- The Bank has paid all of its Corporate & Movable Taxes up to June 30, 2005 based on a mutual final agreement with the Tax Authority (Large Taxpayer Center), as to years 2005/2006, 2006/2007 have been examined resulted in null as to corporate tax & other tax bases have been transferred to internal committee.
- An amount of LE. 37 million represents the paid tax is eligible to the Bank according to the decision of the dispute settlement committee which stated that the Bank has the right not to be subjected to corporate tax on capital issuance premium of year 1997.
- The Stamp Tax has been examined till 31/12/2005 for the majority of Bank branches and the remaining branches are under examination. The Bank has paid all stamp taxes as per Taxes claims.
- Regarding the salary income tax, all dues have been settled up to the year 2000. The Tax authority has investigated the file for the period from 1/1/2000 till 31/12/2004 and the file has been transferred to The Tax Authority designated internal committee. Salary income tax for the year 2005 has been examined, an objection has been made & procedures are currently taking place to transfer the issue to internal committee.
- The related claims provision is made accordingly.

## 31. DISTRIBUTION OF ASSETS AND LIABILITIES

	Industrial LE.,000	Trading LE.,000	Agriculture LE.,000	Services LE.,000	Family LE.,000	Others LE.,000	Total LE.,000
<b>Assets</b>							
Loans	4,535,998	476,238	652,577	1,474,676	318,000	86,966	7,544,455
<b>Liabilities</b>							
Customers' Deposits	2,031,905	467,233	60,903	1,507,367	2,823,970	1,861,503	8,752,881

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2010

### 32. POSITIONS OF SIGNIFICANT CURRENCIES

	30 June 2010 LE.,000 Surplus (deficit)	30 June 2009 LE.,000 Surplus (deficit)
Egyptian pounds	18,348	(51,135)
US Dollars	(15,525)	25,240
Euro	(1,963)	(5,580)
Sterling pound	(418)	(937)
Swiss franc	(148)	33,858
others	(294)	(1,446)

### 33. MUTUAL FUNDS

#### A) The Bank has established Export Development Bank of Egypt mutual fund (first)

Under the management of HC Securities and Investments Company Outstanding Fund, certificates at the balance sheet date were 913,451 certificates. The number of certificates owned by the Bank was 437,573 certificates. The redemption value per certificate as of June 30, 2010 amounted to LE. 70.98.

#### B) The Bank has established Export Development Bank of Egypt fund (second)

Under the management of Delta Rasmala Asset Management with capital L.E 100, millions divided to one million of daily accumulative interest certificates. Outstanding Fund certificates at the balance sheet date were 7,646,377 certificates. The number of certificates owned by the Bank was 152,928 certificates. The redemption value per certificate as of June 30, 2010 amounted to LE. 133.665.

### 34. RELATED PARTY TRANSACTIONS

The Bank deals with its related parties on the same basis as it deals with others.

	30 June 2010 LE.	30 June 2009 LE.
<b>Assets</b>		
Due from banks	119,454,689	468,815
<b>Liabilities</b>		
Due to banks	28,476,000	4,727,677
Other Loans	344,500,000	474,666,666

### 35. COMPARATIVE FIGURES

Comparative figures were reclassified to conform with the current year presentation.

**Hisham Ahmed Hassan Youssef**  
Chairman

# Consolidated Balance Sheet

As at 30 June 2010

	Note	30 June 2010 LE.	30 June 2009 LE.
<b>Assets</b>			
Cash and due from Central Bank of Egypt		787,485,228	838,627,339
Due from banks		571,174,488	587,019,947
Treasury bills and other governmental notes		640,570,794	1,350,354,242
Trading financial assets		270,011,542	221,167,253
Loans to customers and banks		6,729,363,474	7,215,057,301
<b>Financial Investments:</b>			
-Available for sale		2,120,471,567	1,508,686,650
-Held to maturity		142,793,852	25,482,385
Financial investments in subsidiaries and associated co.	(3)	58,857,557	112,286,544
Other assets		806,568,913	529,901,609
Fixed assets		167,142,853	113,787,576
<b>Total Assets</b>		<b>12,294,440,268</b>	<b>12,502,370,846</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Due to banks		564,798,673	1,121,826,187
Customers' deposits		8,521,221,428	8,202,010,264
Other loans		1,079,505,218	1,342,672,425
Issued debt instruments		50,000,000	50,000,000
Other liabilities		343,897,143	318,086,800
Other provisions		69,531,849	69,503,696
Deferred tax		7,921,568	7,237,728
<b>Total liabilities</b>		<b>10,636,875,879</b>	<b>11,111,337,100</b>
<b>Shareholders' equity</b>			
Paid up capital	(4)	1,200,000,000	1,200,000,000
Reserves	(4)	107,228,930	24,099,461
Retained Earnings		77,303,245	85,504,830
Net income for the year		187,011,609	---
		1,571,543,784	1,309,604,291
Minority interest		86,020,605	81,429,455
<b>Total shareholders' equity</b>		<b>1,657,564,389</b>	<b>1,391,033,746</b>
<b>Total liabilities and shareholders' equity</b>		<b>12,294,440,268</b>	<b>12,502,370,846</b>
<b>Contingent liabilities and commitments</b>			
Liabilities against letters of guarantee, Documentary credits and other commitments		2,352,854,578	2,588,085,892

- The accompanying notes are an integral part of these financial statements.
- Auditors' report attached.



**Hisham Ahmed Hassan Youssef**  
Chairman

**Bank's Auditors**



**Hassanein Kamel Ahmed**  
R.A.A. 2409  
Fellow of Egyptian Tax Society  
Capital Market Authority. R(2)



**Fatma Mohamed Salah El-Din**  
**El-Menshawey**  
Central Auditing Organization

## Consolidated Income Statement

For the year ended 30 June 2010

	30 June 2010 LE.	30 June 2009 LE.
Interest and similar income	851,383,447	973,960,214
Interest and similar expenses	(530,553,980)	(657,403,728)
<b>Net Interest Income</b>	<b>320,829,467</b>	<b>316,556,486</b>
Fees and commissions Income	111,777,528	110,360,169
Fees and commissions Expenses	(3,237,218)	(3,537,847)
<b>Net income from fees &amp; commissions</b>	<b>108,540,310</b>	<b>106,822,322</b>
Dividends Income	20,454,073	21,402,615
Net Trading Income	28,712,959	5,905,835
(Losses) from Financial Investments	(52,139,751)	(25,431,369)
Impairment of credit losses	(35,800,000)	(16,508,128)
Administrative expenses	(207,282,033)	(178,262,275)
Other operating income (expense)	57,577,460	50,472,443
<b>Net profit before Tax</b>	<b>240,892,485</b>	<b>280,957,929</b>
Income Tax	(45,597,444)	(9,124,492)
Deferred tax	(683,840)	(7,237,728)
<b>Net profit of the year</b>	<b>194,611,201</b>	<b>264,595,709</b>
<b>Represented in:</b>		
Bank's shareholders' equity	187,011,609	260,400,175
Minority interests	7,599,592	4,195,534
	<b>194,611,201</b>	<b>264,595,709</b>
Earnings per share	<b>1,56</b>	<b>2,17</b>

- The accompanying notes are an integral part of these financial statements.



**Hisham Ahmed Hassan Youssef**  
Chairman

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2010

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## 1. ACTIVITY

Export Development Bank of Egypt (Egyptian Joint Stock Company) was established on July 30, 1983 under Law No. 95 of 1983 and its executive regulations. The objective of the Bank is to encourage, develop Egyptian export activities, and assist in developing agricultural, industrial, and commercial and service exporting sectors, also to provide all investment banking services in local and foreign currencies through its head office and fifteen branches.

## 2. THE APPLIED SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of preparing consolidated financial statements

The consolidated financial statements are prepared in accordance with the central bank of Egypt regulations issued on 27th of June 2002 and its amendments made to the financial investments issued on December 16, 2008 and in accordance with the related Egyptian laws and regulations.

Changes in accounting policy represented in the applicable of accounting adjustment on the measurement of Available for Sale Investments from the lower of cost or fair value (taking into consideration the FX revaluations) with the difference to "Income Statement" to fair value with changes to equity till the disposal of the asset or its fully impairment then the profits & losses that has been previously recognized directly in equity is removed from equity and recognized in the income statement.

### b) Basis of consolidation

Consolidated Financial Statements are prepared based on the control earned by the Bank; the control is achieved through the Bank's ability to control the financial and operational Policies of the investments in order to obtain benefits from its activities.

Consolidated Financial Statements are consisting of the Financial Statements of both Export Credit Guarantee Company of Egypt and Egypt Capital Holding Company. Minority shareholders represent the rights of others in subsidiary companies.

### The basis of the consolidation is as follows:

- Eliminating all balances and transactions between the Bank and group companies.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2010

### Subsidiary companies consolidated by the Bank (the holding co.) represented in the following as at 30-6-2010:

	30 June 2010 LE.	Ownership %	30 June 2009 LE.	Ownership %
Export Credit Guarantee Company of Egypt Egypt Capital Holding Company*	176,381,800	70.55	176,381,800	70.55
	199,990,000	99.99	---	--

\* The company's values represent the period from the incorporation date till 30 June 2010 (less than a financial year) as the year end of the co. is at 30 June 2011.

### 3. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

	30 June 2010 LE.	%	30 June 2009 LE.	%
<b>Investments in associated companies</b>				
Philae for Floating Hotels	1,516,666	27.50	1,516,666	27.50
Egyptian Tourism Development Co.	20,000,003	40.00	49,356,400	98.71
Egyptian Co. for Tourism & Services (Safeir El Hurghada)	10,909,738	40.00	23,741,778	87.05
The Touristic Investment Company (Sahl Hashish)	26,431,150	30.36	37,671,700	43.29
	<b>58,857,557</b>		<b>112,286,544</b>	
<b>Investments in subsidiaries and associations are represented in:</b>				
Listed on the Stock Exchange	---		---	
Not listed on the Stock Exchange	58,857,557		112,286,544	
	<b>58,857,557</b>		<b>112,286,544</b>	

### Value of Bank's contribution in following companies had been reduced due to sale to Egypt Capital Holding Co. as follows:

- Egyptian Co. for Tourism & Services (Safeir El Hurghada) with a sale value of LE. 15 million by a percentage of 47.05%.
- Egyptian Tourism Development Co. with a sale value of LE. 135 million by a percentage of 58.71%.
- The Touristic Investment Company (Sahl Hashish) with a sale value of LE. 24 million by a percentage of 12.93%.

## 4. PAID UP CAPITAL AND RESERVES

### A. Capital

The authorized capital amounted to LE. 2,000,000,000. The issued and paid up capital amounted to LE.1, 200,000,000 as of June 30, 2010, distributed over 120,000,000 common shares with a par value of LE. 10 each.

### B. Reserves

In accordance with the Bank's statute, a 10% of annual net profit is transferred to the legal reserve; such transfer is possible to be ceased when the legal reserve reaches 50% of issued capital.

As to financial investments, the financial statements have been prepared according to the rules of preparing Bank's financial statements, and recognition & measurement principles approved by the CBE board.

#### Reserves on 30 June 2010 represented in the following:

	30 June 2010 LE.	30 June 2009 LE.
Legal reserves	73,340,872	72,335,665
General reserve	6,655,011	5,949,483
Reserve of revaluation of available for sale investments	4,093,217	(77,325,517)
Other reserves	23,139,830	23,139,830
	<b>107,228,930</b>	<b>24,099,461</b>

## 5. COMPARATIVE FIGURES

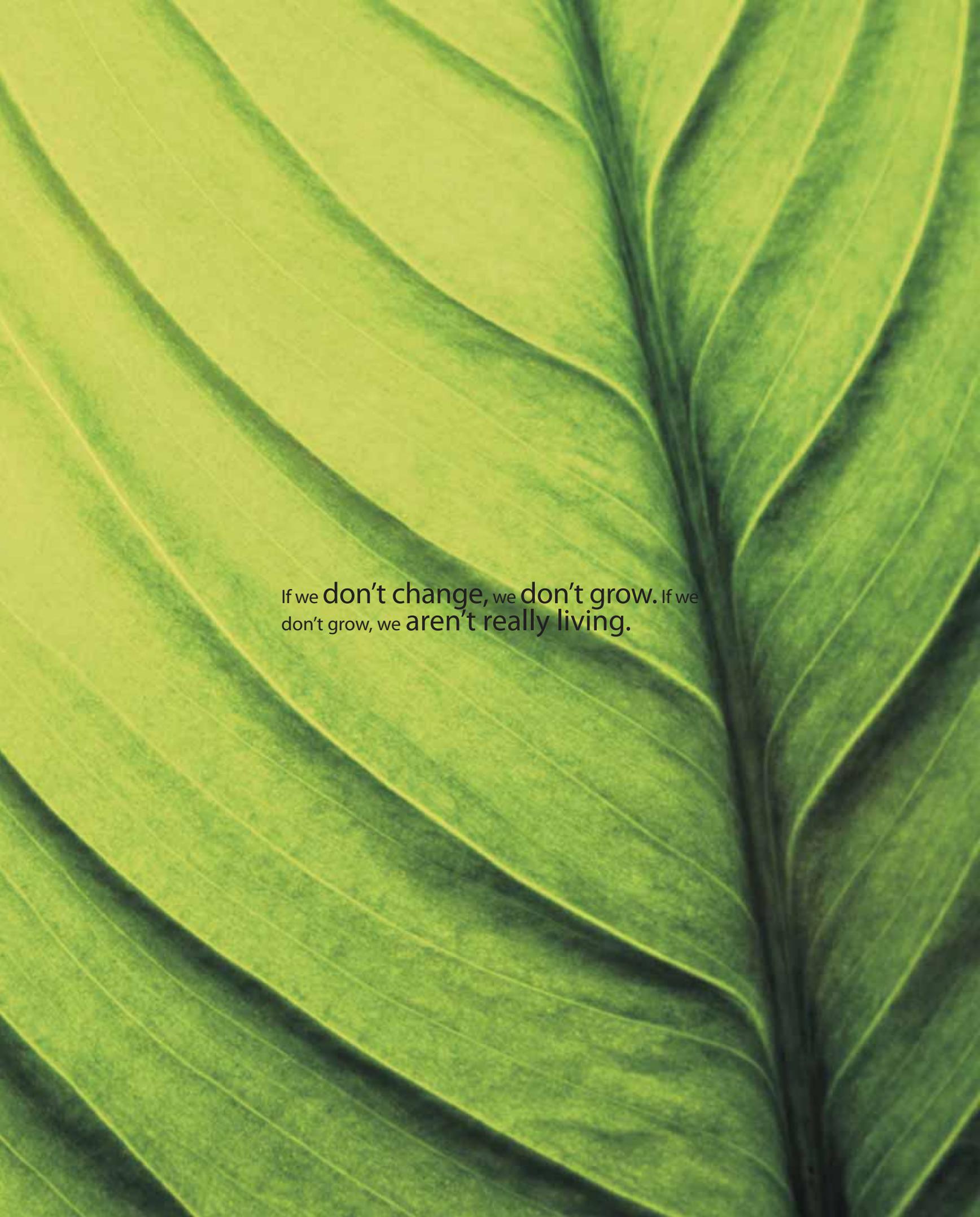
Comparative figures were reclassified to conform to the current year presentation.



**Hisham Ahmed Hassan Youssef**  
Chairman



**Branches**

A close-up photograph of a vibrant green leaf, showing the intricate network of veins. The central vein runs vertically down the right side of the frame, with numerous smaller veins branching off to the left and right. The leaf's surface has a fine, textured appearance, and the lighting creates subtle gradients of green, from a bright yellow-green at the top to a deeper green at the bottom.

If we don't change, we don't grow. If we  
don't grow, we aren't really living.

## Branches

### Head Office

108, Mohy El Din Abu El Ezz St., Dokki - Giza

Tel: +202-37619006

Fax: +202-33385938 / 40

### Cairo and Giza Branches

#### Main Branch

108, Mohy El Din Abu El Ezz St., Dokki - Giza

Tel: +202-33385944

Fax: +202-33385942

#### Nile Branch

6, Ibn El Arhab St., Giza

Tel: +202-35711852

Fax: +202-35711769

#### Zamalek Branch

9, Shafik Mansour St., Zamalek - Cairo

Tel: +202-27355411

Fax: +202-27367471

#### Cairo Branch

10, Talaat Harb St., Evergreen Building  
- Cairo

Tel: +202-25777003

Fax: +202-25790394

#### Mosadak Branch

71, Mosadak St., Dokki - Giza

Tel: +202-33386810

Fax: +202-33386814

#### El Orouba Branch

1, El Obour Buildings, Salah Salem St., Cairo

Tel: +202-22625477

Fax: +202-22625465

#### Heliopolis Branch

11, El Hegaz St., Heliopolis - Cairo

Tel: +202-24531994

Fax: +202-24558125

#### Faisal Branch

43, El Malek Faisal St., Giza

Tel: +202-37423570/76

Fax: +202-37423603

### Nasr City Branch

4, El Nasr St., cross Makram Ebeid  
Shop No. 3,4

Tel: +202-22757366/22758456

+202-22710261

Fax: +202-22758976

### Industrial Zones Branches

#### 6th of October Branch

Part 3/1 Center Axis – Banks' District,  
6th of October

Tel: +202-38330599

Fax: +202-38330570

#### 10th of Ramadan Branch

Block #2, Banks Zone, City Centre  
MC1, 10th of Ramadan

Tel: +2015-356141-6

Fax: +2015-356140

#### Obour Branch

6, 7 & 8 City Club Fence – Obour City

Tel: +202-46105071

Fax: +202-46105072

### Alexandria Branches

#### Selsela Branch

95, 26th of July Road, Selsela Tower -  
Azarita - Alexandria

Tel: +203-4868488

Fax: +203-4869206

#### Roushdy Branch

16, Syria St., Roushdy - Alexandria

Tel: +203-5450018

Fax: +203-5450009

#### Borg El Arab Branch

Services Zone, 5th "Mogawra"  
in front of Borg El Arab Municipality  
Building - Alexandria

Tel: +203-4599511/15

Fax: +203-4599510