



BANK
OF ALEXANDRIA

بنك الإسكندرية

BOARD OF DIRECTORS REPORTS

ON

BANK ACTIVITIES AND

FINANCIAL STATEMENTS FOR

THE PERIOD

From 1/1/2007 to 31/12/2007

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Bank of Alexandria
(Egyptian Joint Stock Company)

Balance Sheet
As at 31 December 2007

<u>ASSETS</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
Cash and balances with the Central Bank of Egypt	458 190 843	2 737 441 258
Due from banks	16 785 698 114	5 643 871 915
Treasury bills and other bills eligible for rediscounting with the CBE	3 863 316 718	6 606 434 191
Trading investments	1 156 860 575	1 467 434 462
Available -for- sale investments	2 418 937 206	3 733 117 350
Loans to customers and banks (net of provision)	10 196 506 560	8 561 154 775
Held -to- maturity investments	1 676 900 941	1 730 846 612
Investments in associates	15 022 900	15 022 900
Receivables - sale of investments	24 090 009	30 671 049
Debit balances and other assets (net)	870 292 444	553 777 513
Fixed assets (net of accumulated depreciation)	153 677 272	143 044 382
Total Assets	<u>37 619 493 582</u>	<u>31 222 816 407</u>
<u>LIABILITIES & SHAREHOLDERS' EQUITY</u>		
Due to banks	2 492 888 369	1 145 758 467
Customers' deposits	31 023 378 771	26 269 358 932
Credit balances and other liabilities	704 476 578	755 322 230
Long term loans	311 658 520	662 713 530
Other provisions	736 791 366	719 498 075
Total Liabilities	<u>35 269 193 604</u>	<u>29 552 651 234</u>
<u>Shareholders' Equity</u>		
Issued & paid-in capital	800 000 000	800 000 000
Reserves	869 083 922	870 165 173
Shareholders' equity	<u>1 669 083 922</u>	<u>1 670 165 173</u>
Net profit for the year	681 216 056	-
Total shareholders' equity (including net profit for the period)	<u>2 350 299 978</u>	<u>1 670 165 173</u>
Total shareholders' equity & liabilities	<u>37 619 493 582</u>	<u>31 222 816 407</u>
<u>Contingent Liabilities & Commitments</u>		
Liabilities for letters of guarantee, documentary credits and other commitments	<u>2 598 404 694</u>	<u>2 417 470 725</u>

Bank of Alexandria
(Egyptian Joint Stock Company)

Income Statement
For the year ended 31 December 2007

	For the year ended <u>31/12/2007</u> <u>LE.</u>	For the year ended <u>31/12/2006</u> <u>LE.</u>
Interest income	1 700 962 985	1 244 424 248
Income from treasury bills, other bills eligible for rediscounting with the CBE and bonds	917 432 911	1 114 960 372
Less: Interest expense	(1 974 076 596)	(1 982 761 547)
Net interest income	644 319 300	376 623 073
Add:		
Fee and commission income	238 910 409	250 983 629
Dividend income	133 036 191	65 391 971
Gains arising from foreign currencies transactions	22 741 484	14 680 833
Gains arising from sale of investments	85 768 089	3 336 313 992
Valuation differences arising from trading investments	241 330 225	88 711 345
Other operating income	14 178 170	54 626 433
Net operating income	1 380 283 868	4 187 331 276
Less:		
Provisions	(177 139 311)	(1 395 884 510)
Valuation differences of other investments	28 845 296	(47 700 611)
General administrative expenses, depreciation and amortization	(561 763 094)	(577 595 869)
Operating profits	670 226 759	2 166 150 286
Non operating income	10 989 297	26 153
Net profit for the period	681 216 056	2 166 176 439

*Notes to the
Balance Sheet*

BALANCE SHEET

As at 31st December, 2007

Total of the balance sheet statement on 31/12/2007 is EGP 37 619 m against EGP 31 223 m on 31/12/2006 with an increase of EGP 6 396m. (a growth rate of 20.5%). The following are the most important changes of assets, liabilities and shareholders equity at the balance sheet :-

First : Assets

(In EGP million)

Statement	31/12/2007		31/12/2006		The Change	
	Value	%	Value	%	Value	%
Cash and due from CBE	458	1.2	2 738	8.8	(2 280)	(83.3)
Due from banks	16 786	44.6	5 644	18.1	11 142	197.4
Treasury bills and other eligible bills discountable at CBE	3 863	10.3	6 606	21.2	(2 743)	(41.5)
Financial investments held for trading	1 156	3.1	1 467	4.7	(311)	(21.2)
Financial investments available for sale	2 419	6.4	3 733	11.9	(1 314)	(35.2)
Loans to customers and banks (net of provisions)	10 197	27.1	8 561	27.4	1 636	19.1
Financial investments held to maturity	1 677	4.5	1 731	5.5	(54)	(3.1)
Financial investments in affiliates and joint ventures	15	-	15	-	-	-
Financial investments sale debtors	24	0.1	31	0.1	(7)	(22.6)
Debit balances and other assets	870	2.3	554	1.8	316	57.0
Fixed assets (net of accumulated depreciation)	154	0.4	143	0.5	11	7.7
Total assets	37 619	100	31 223	100	6 396	20.5

The most important changes in assets elements

Cash and due from the CBE

Decrease of balances for the comparative term by about EGP 2 280 m is due to the following:

- Decrease of local currency reserve balances due from CBE by about EGP2 355 m.
- Increase of the cash balance by about EGP 75 m.

Due from banks

Increase of balances for the comparative term by about EGP 11 142 m is due to the following:

	<u>EGP m</u>
• Due from CBE	11 345
• Due from foreign banks	(202)
• Due from local banks	<u>(1)</u>
	<u>11 142</u>

Treasury bills and other eligible bills

On 31/12/07, the balance reached EGP 3 863 m compared to EGP 6 606 m on 31/12/06 by a decrease of EGP 2 743 m which is represented as follows :

	<u>31/12/07</u>	<u>31/12/06</u>	<u>In EGP m</u> <u>change</u>
CBE's certificates of deposit	-	3 480	(3 480)
Treasury bills	<u>3 863</u>	<u>3 126</u>	<u>737</u>
	<u>3 863</u>	<u>6 606</u>	<u>(2 743)</u>

Financial Investments held for trading

On 31/12/07, the balance of that portfolio totaled about EGP 1 156 m compared to EGP 1 467 m on 31 /12 /06 by a decrease of EGP 311 m. which is represented as follows:

	<u>31/12/07</u>	<u>31/12/06</u>	<u>In EGP m</u> <u>change</u>
Government Bonds	132	373	(241)
Mutual Funds Certificates	928	1 008	(80)
Shares in Banks and companies	96	86	10
	<u>1 156</u>	<u>1 467</u>	<u>(311)</u>

Financial Investments available for sale

On 31/12/07, the balance of that portfolio reached EGP 2 419 m compared to EGP 3 733 m on 31/12/06 by a decrease of EGP 1 314 m. mainly represented in investments in government bonds

Loans to Customers and Banks

On 31/12/07, total loans reached EGP 12 592 m compared to EGP 10 990 m on 31/12/06 by an increase of EGP 1 602 m. This is due to the increase of loans and credit facilities granted to private sector companies by EGP 650 m, with a growth rate of 8.4%, and to the household sector by EGP 520 m, with a growth rate of 18.4%. This reflects the success of retail banking strategies adopted by the Bank management compared to a decrease of loans granted to public business sector by EGP 68 m. This is in addition to granting loans of EGP 500 m to banks to be repaid over seven years. Balance of loans and credit facilities granted to private companies and household sectors totaled about EGP 11 777 m, representing 93.5% of the total loans.

On 31/12/07, unearned discount balance, accrued interests for the previous years and loan and interest in suspense provision totaled EGP 2 395 m, compared to EGP 2 429 m at the end of the last year.

If unearned discount balance, accrued interests for the previous years, loan and interest in suspense provision are excluded from loans balances & advances, loans net granted on 31/12/07 totaled about EGP 10 197 m compared to EGP 8 561 m on 31/12/06 and by an increase of EGP 1 636 m.

Financial investments held to maturity

On 31/12/07, that portfolio's balance totaled EGP 1 677 m compared to EGP 1 731 m on 31/12/06 by a decrease of EGP 54 m. This is represented in the decrease in the book value of the investments in government bonds as a result of the decrease in USD exchange rate.

Financial investments in affiliates and subsidiaries

On 31/12/07 and 31/12/06, the balance of the portfolio totaled about EGP 15m.

Financial investments sale debtors

On 31/12/07, the balance of this item totaled about EGP 24 m compared to EGP 31 m on 31/12/06. with a decrease of EGP 7 m. represented in the settlement by the National Bank of Egypt (proceeds of the sale of some financial investments). The outstanding balance is represented in the amount which has not yet been collected from the sale of some of the financial investments to the National investment bank.

Debit Balances and other Assets

On 31/12/07, this item totaled about EGP 870 m compared to EGP 554 m on 31/12/06. with an increase of EGP 316 m mainly concentrated in the return on our bank's deposits with the CBE.

Fixed Assets

On 31/12/07, this item totaled - net of accumulated depreciation - about EGP 154 m compared to EGP 143 m on 31/12/06, by an increase of EGP 11 m. mainly represented in lands and premises.

SECOND : LIABILITIES AND SHAREHOLDERS' EQUITY

(In EGP million)

	31/12/2007		31/12/2006		The Change	
	Value	%	Value	%	Value	%
Due to banks	2 493	6.6	1 146	3.7	1 347	117.5
Customers' deposits	31 023	82.5	26 270	84.2	4 753	18.1
Credit balances and other liabilities	704	1.9	755	2.4	(51)	(6.8)
Dividends payable	-	-	-	-	-	-
Long- term liabilities	312	.8	663	2.1	(351)	(52.9)
Other provisions	737	2.0	719	2.3	18	2.5
Total liabilities	35 269	93.8	29 553	94.7	5 716	19.3
<u>Shareholders' equity</u>						
capital	800	2.1	800	2.5	-	-
Reserves	869	2.3	870	2.8	(1)	(0.1)
Carried Forward losses	-	-	-	-	-	-
Total shareholders' equity	1 669	4.4	1 670	5.3	(1)	(0.1)
Net income for the period	681	1.8	-	-	681	0.0
Total shareholders' equity and net income for the period	2 350	6.2	1 670	5.3	680	40.7
Total liabilities and shareholder's equity	37 619	100.0	31 223	100.0	6 396	20.5
Contingent liabilities against L/G, L/C and other commitments	2 598		2 417		181	7.5

The following are the most important changes in liabilities and shareholders equity:-

Due to banks:

Balances are increased for the term of comparison by EGP 1 347 m as a result of the following:-

	<u>EGP m</u>
Due to local banks	984
Due to foreign banks	363

	1 347
	=====

Customers Deposits

On 31/12/07, deposits totaled about EGP 31 023 m compared to EGP 26 270 m on 31/12/06, by an increase of EGP 4 753 m. This is mainly due to the decline in deposits of financial intermediaries sector by EGP 5 240 m, the private and household sectors by EGP 81 m, and other deposits by EGP 44 m. versus the decrease of the deposits of both the Public business Sector by EGP 525 m. and the Public services sector by EGP 87 m.

Credit Balances and Other Liabilities

On 31/12/07, this item's balance totaled about EGP 704 compared to EGP 755 m on 31/12/06.

Long Term Loans

On 31/12/07, this item's balance totaled about EGP 312 m compared to EGP 663 m on 31/12/06 by a decrease of EGP 351 m. mainly concentrated in the prepayment of the remaining amount (by EGP 285 m) of the loan from Citibank London.

Other provisions

On 31/12/07, other provisions balance totaled about EGP 737 m compared to EGP 719m on 31/12/06, by an increase of EGP 18 m. Provisions are bolstered the F.Y. 2007 debited from the Income Statement by EGP 70 m

Shareholders Equity and Net Profit of the Year

Shareholders' Equity amounted to EGP 2 350 m On 31/12/07 (including the year profits of EGP 681 m) versus EGP 1 670 m on 31/12/06 (Both balances include EGP 800 m for the paid up capital).

Third: Contingent Liabilities and Commitments

On 31/12/07, this item totaled about EGP 2 598 m, compared to EGP 2 417 m on 31/12/06, by an increase of EGP 181 m. This is due to the following:

	<u>EGP / m</u>
Letters of Guarantee	337
Letters of Credit	(83)
Forward Contracts	(21)
Currency Swaps	(129)
Rediscounted bills	22
Interest Rate Swaps	55
	<hr/>
	<u>181</u>

Forth: Key Indicators Derived from the Balance Sheet

	31/12/07	30/6/06
	%	%
Total loans / total deposits and Long term loans	40.2	40.8
Financial investments / total deposits	29.4	51.6
Net loans / total assets	27.1	27.4
Total liquid assets (*) / total deposits	55.6	31.9
Total shareholders equity / net loans	16.4	19.5
Total shareholders equity / total deposits	5.4	6.4
Total deposits / total liabilities and shareholders equity	82.5	84.1
<u>Financial Ratios</u>		
Average cash ratio (statutory ratio 14%)	14.2	14.1
Average local currency liquid ratio (statutory ratio =20%)	20.6	47.8
Average foreign currency liquid ratio (the stipulated ratio =25%)	26.6	30.6
Capital adequacy ratio	13.5	15.2

(*) Represents cash and due from banks.

**Notes to
the Income Statement**

INCOME STATEMENT

Net profit (before provisions and gains on the sale of financial investments) for the FY 2007 reached about EGP772.5m versus EGP225.7m for the previous year with an increase of EGP546.8m, a growth rate of 242.3%. The current year witnessed gains of EGP85.8m on the sale of financial investments while the previous year witnessed windfall profit of EGP3336.3m.

We provide hereafter comment on the income statement items:

First: Net operating income:

The net operating income (after eliminating financial investments profits effect) for the current FY reached about EGP1294.5m versus EGP851.1m in the previous year with an increase of EGP443.4m, a growth rate of 52.1%, according to the following demonstration:

1- Net Interest Income

The spread between the received Interest Income and the paid up interest income for the current FY reached nearly EGP644.3m versus about EGP376.6 for the previous year, with an increase of EGP267.7m, a growth rate of 71.1%, as a result of the following :

- Increase in the interest on loans and due from banks by nearly EGP456.6m compared to the previous year as a result of the increase in the interest income from due from banks by nearly EGP283.2m (mainly because of the increase in the average deposits balances in local currency with banks) and in the interest on loans to customers and banks by nearly EGP173.4m (represented in the interest income of about EGP131.5m from customers' loans and interest income of about EGP41.9m from loans to Banks).
- The interest on treasury bills and bonds for the current FY decreased by nearly EGP197.6m compared to the previous year as a result of a combination of a decrease in the interest on treasury bills by nearly EGP162.4m and in the interest on bonds by EGP130.2m and an increase of about EGP95.0m in the discount of the deposit certificates and the CBE's bonds.

- Deposits and borrowing cost decrease by nearly EGP8.7m as a result of a decrease in the interest expense paid to the customers by nearly EGP189.6m and in the interest on the long term loans by about EGP39.0m because of the pre-payment of the loan extended to our Bank by Citibank – London while the interest expense paid to banks by nearly EGP219.9m as a result of the increase in Interbank operations.

2- **Fees and Commissions on Banking Services:**

The Fees and Commissions on Banking services for the current FY reached nearly EGP238.9m versus EGP251.0m for the previous year by a decrease of EGP12.1m as result of the decrease in fees on banking services.

3- **Dividends received on shares and mutual fund certificates:**

The Dividends received on shares and mutual fund certificates reached nearly EGP133.0m for the current FY versus EGP65.4m for the previous year by an increase of nearly EGP67.6m as result of the following :

- An increase of EGP91.2m in the mutual funds income (this is basically in received dividends of about EGP78.0m and gains of EGP11.9m from our Bank's stake in the mutual fund).
- A decrease of EGP23.6m in the total share dividends (this is basically because the previous year included dividends on shareholdings, mainly in Misr Iran Development Bank of nearly EGP19.4m Alexandria National for iron and steel of about EGP10.0m against zero dividends in the current FY. This due to the sale of our Bank's stakes in such entities. However, the current FY included dividends on shareholdings in Afreximbank of about EGP2.3m, in Egyptian International Fund company of about EGP1.0m, in Misr Europe Bank of about EGP0.6m, in Egyptian International Pharmaceutical Industries Company "IPICo" of about EGP0.3m and in Egyptian Financial & Industrial Company of about EGP0.2m against zero dividends in the previous year).

4- **Profits (losses) from Foreign Currency operations**

The foreign currency operations profits for the current financial year increased by EGP8m to EGP22.7m against EGP14.7m a year earlier as result of the following :-

EGP4.8m increase in foreign currency transactions profits

EGP3.2m increase in positive differences from revaluating the foreign currency balances.

5- **Differences from revaluating financial investments held for trading :**

The revaluation of the financial investments held for trading during the current year revealed positive differences of EGP241.3m against EGP88.7m a year earlier i.e. an increase of EGP152.6m, as a result of the following:

EGP / m

123.4	Differences from revaluating mutual funds' certificates
18.3	Differences from revaluating treasury bonds
10.9	Differences from revaluating shares

6- **Income from other transactions**

Income from other transactions during the current financial year reached nearly EGP14.2m against EGP54.6m a year earlier with a decrease of EGP40.4m. Such revenues are mainly represented is including amounts related to the previous year versus no similar amounts during the current F.Y. The most important of such amounts are:-

- Released provisions of EGP 7.9 m.
- Compensation interests as a result of the prepayment of bonds EGP 6.5 m.
- Increase of surplus in the provision of contingent liabilities by EGP 19.4 m.
- Increment of allowances and other benefits to the bank's representatives in joint ventures by EGP 3.3 m.

Second : - Expenses and provisions

1- Provisions:

Provisions were supported by the amount EGP 177.1 m via debiting to the income statement during the current financial year against EGP1395.9m a year earlier.

2- Differences from valuing other financial investments :

Valuation of other financial investments during the current FY revealed positive differences of nearly EGP28.9m versus negative differences of EGP47.7m in the previous year with an increase of EGP76.6m as a result of the following:

EGP / m

88.4	Bonds valuation differences
(11.5)	Shares valuation differences
(0.2)	Mutual funds certificates valuation differences
(0.1)	GDRs Valuation differences

3- General Administrative, Depreciation and Amortization Expenses :

Such expenses during the current FY reached nearly EGP561.8m versus EGP577.6m in the previous year with a decrease of EGP15.8m represented in the following :

EGP / m

14.5	Increase in salaries
4.4	Increase in rents
1.4	Increase in depreciation
1.2	Increase in taxes and duties
(22.5)	Decrease in operating requirements (represents mainly in consultation offices fees of EGP14.2m)
(12.2)	Decrease in donations
(2.6)	Including the sports activity of the previous year
<u>(15.8)</u>	

Third : Profits Unrelated to the Activity:

Profits unrelated to the activity amounted to EGP11.0m during the current FY versus minimal profits in the previous year. The current year's profits are mainly represented in profits from the sale of fixed assets.

Fourth : Net profit for the financial year:

The Bank's financial results for 2007 revealed a net profit of EGP681.2m against EGP2166.1 a year earlier (including profits of about EGP3336.3m from a one-time sale of financial investments).

Fifth: Proposed profit distribution plan:

	In EGP Million
Net profits for the year (as reported in the income statement)	681.2
<u>Less:</u>	
Profits from the sale of fixed assets credited, as required by the law, to capital reserves.	(11.0)
Net distributable profit for the year	<u>670.2</u>
- 5% Statutory Reserve	<u>(33.5)</u>
- 10% Profit Sharing (calculated after excluding the 5% statutory reserve)	(63.7)
- Compensation to the Board members	-
- Profits distributed to shareholders representing 30% of distributable profit for the year of about EGP573.0m.	(171.9)
- Retained profits	(401.1)
Total	<u>(670.2)</u>

Earnings per share amounted to EGP3.9 representing 78% of the share's nominal value.

Bank of Alexandria
(Egyptian Joint Stock Company)

Balance Sheet
As at 31 December 2007

<u>ASSETS</u>	Note No.	<u>31/12/2007</u> <u>LE.</u>	<u>31/12/2006</u> <u>LE.</u>
Cash and balances with the Central Bank of Egypt	(4)	458 190 843	2 737 441 258
Due from banks	(5)	16 785 698 114	5 643 871 915
Treasury bills and other bills eligible for rediscounting with the CBE	(6)	3 863 316 718	6 606 434 191
Trading investments	(7)	1 156 860 575	1 467 434 462
Available -for- sale investments	(8)	2 418 937 206	3 733 117 350
Loans to customers and banks (net of provision)	(9,10)	10 196 506 560	8 561 154 775
Held -to- maturity investments	(11)	1 676 900 941	1 730 846 612
Investments in associates	(12)	15 022 900	15 022 900
Receivables - sale of investments	(14)	24 090 009	30 671 049
Debit balances and other assets (net)	(15)	870 292 444	553 777 513
Fixed assets (net of accumulated depreciation)	(16)	153 677 272	143 044 382
Total Assets		<u><u>37 619 493 582</u></u>	<u><u>31 222 816 407</u></u>
 <u>LIABILITIES & SHAREHOLDERS' EQUITY</u>			
Due to banks	(17)	2 492 888 369	1 145 758 467
Customers' deposits	(18)	31 023 378 771	26 269 358 932
Credit balances and other liabilities	(19)	704 476 578	755 322 230
Long term loans	(20)	311 658 520	662 713 530
Other provisions	(21)	736 791 366	719 498 075
Total Liabilities		<u><u>35 269 193 604</u></u>	<u><u>29 552 651 234</u></u>
 <u>Shareholders' Equity</u>			
Issued & paid-in capital	(22)	800 000 000	800 000 000
Reserves	(22)	869 083 922	870 165 173
Shareholders' equity		<u>1 669 083 922</u>	<u>1 670 165 173</u>
Net profit for the year		681 216 056	-
Total shareholders' equity (including net profit for the period)		<u>2 350 299 978</u>	<u>1 670 165 173</u>
Total shareholders' equity & liabilities		<u><u>37 619 493 582</u></u>	<u><u>31 222 816 407</u></u>
 <u>Contingent Liabilities & Commitments</u>			
Liabilities for letters of guarantee, documentary credits and other commitments	(23)	<u>2 598 404 694</u>	<u>2 417 470 725</u>

The accompanying notes from No. (1) to No. (36) are an integral part of these financial statements and are to be read therewith.

Review Report "Attached"

Bank of Alexandria
(Egyptian Joint Stock Company)

Income Statement
For the year ended 31 December 2007

	Note No.	For 1/1/2007 to31/12/2007 <u>LE.</u>	For 1/7/2006 to31/12/2006 <u>LE.</u>
Interest income		1 700 962 985	646 550 272
Income from treasury bills, other bills eligible for rediscounting with the CBE and bonds		917 432 911	500 309 011
Less: Interest expense		<u>(1 974 076 596)</u>	<u>(913 122 208)</u>
Net interest income		644 319 300	233 737 075
Add:			
Fee and commission income		238 910 409	108 444 443
Dividend income		133 036 191	14 343 073
Gains arising from foreign currencies transactions	(24)	22 741 484	6 667 695
Gains arising from sale of investments		85 768 089	9 528 250
Unrealized gains (losses) arising from trading investments		241 330 225	205 407 276
Other operating revenues	(21)	<u>14 178 170</u>	<u>34 134 869</u>
Net operating income		1 380 283 868	612 262 681
Less:			
Provisions	(10,21)	(177 139 311)	(222 980 000)
Valuation differences of other investments	(25)	28 845 296	(49 329 679)
General administrative expenses, depreciation and amortization		<u>(561 763 094)</u>	<u>(232 306 356)</u>
Operating profits		670 226 759	107 646 646
Non operating profits		10 989 297	3 801
Net profit for the period		<u><u>681 216 056</u></u>	<u><u>107 650 447</u></u>
Earnings per share	(28)	<u><u>3.86</u></u>	<u><u>0.67</u></u>

The accompanying notes from No. (1) to No. (36) are an integral part of these financial statements and are to be read therewith.

Bank of Alexandria
(Egyptian Joint Stock Company)

STATEMENT OF APPROPRIATION
FOR THE YEAR ENDED 31.12.2007

	For 1/1/2007 to31/12/2007	For 1/7/2006 to31/12/2006
	<u>LE.</u>	<u>LE.</u>
NET PROFIT FOR THE YEAR	681 216 056	107 650 447
<u>LESS</u>		
GAIN ARISING FROM SALE OF FIXED ASSETS		
- TRANSFERRED TO CAPITAL RESERVE AS PER LOCAL LAW	(10 989 297)	
NET DISTRIBUTABLE PROFIT	670 226 759	107 650 447
- RETAINED LOSS IN THE FRIST OF THE YEAR		(161 864 674)
- LEGAL RESERVE (5 %)	(33 511 338)	
- EMPLOYEES PROFIT SHARING (10 %)	(63 671 542)	
- BOARD REMUNERATION	0	
- DIVIDEND (30 %)	(171 913 164)	
- RETAINED EARNINGS	(401 130 715)	
TOTAL	670 226 759	(54 214 227) (*)

(*) On12/6/2007 the general assembly agreed to cover the retained loss as at 31/12/2006 from general reserve.

Bank of Alexandria

(Egyptian Joint Stock Company)

Statement of Changes in Shareholders' Equity

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Note No.	Issued & paid - in Capital	Legal reserve	General reserve	Special reserve	Reserve of valuation differences of			Retained earnings (losses)	Net profit for the period / year	Total
					available -for- sale investments	Other reserves				
	LE.	LE.	LE.	LE.	LE.	LE.	LE.	LE.	LE.	
Balance as at 30 June, 2006	800 000 000	150 904 713	83 525 904	386 722 596	14 316 943	289 187 935	29 727 683	-	1 754 385 774	
Prior years adjustments	-	-	-	-	-	-	(191 592 357)	-	(191 592 357)	
Balance as at 30 June, 2006 (after adjustments)	800 000 000	150 904 713	83 525 904	386 722 596	14 316 943	289 187 935	(161 864 674)	-	1 562 793 417	
Net profit for the period from 1/1/2006 to 31/12/2006	-	-	-	-	-	-	-	107 650 447	107 650 447	
Valuation differences of available -for- sale investments (debit)	-	-	-	-	(278 691)	-	-	-	(278 691)	
Carrying the period's profits forward	-	-	-	-	-	-	107 650 447	(107 650 447)	-	
Using the general reserve to cover the remaining balance of the retained losses	-	-	(54 214 227)	-	-	-	54 214 227	-	-	
Balance as at 31 December, 2006	800 000 000	150 904 713	29 311 677	386 722 596	14 038 252	289 187 935	-	-	1 670 165 173	
Valuation differences of available -for- sale investments (debit)	-	-	-	-	(1 081 251)	-	-	-	(1 081 251)	
Net profit for the year	-	-	-	-	-	-	-	681 216 056	681 216 056	
Balance as at 31 December, 2007	800 000 000	150 904 713	29 311 677	386 722 596	12 957 001	289 187 935	-	681 216 056	2 350 299 978	

The accompanying notes from No. (1) to No. (36) are an integral part of these financial statements and are to be read therewith.

Bank of Alexandria
(Egyptian Joint Stock Company)
Statement of Cash Flow
For the year ended 31 December 2007

	<u>For 1/1/2007</u> <u>to 31/12/2007</u>	<u>For 1/7/2006</u> <u>to 31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
<u>Cash flows from operating activities</u>		
Net profit for the year before taxes	681 216 056	107 650 447
<u>Adjustments to reconcile net profit to net cash provided from operating activities</u>		
Fixed assets depreciation	34 894 380	15 177 127
Provisions	177 139 311	222 980 000
Provisions no longer needed	(11 994 000)	(31 385 000)
Unrealized (gains) losses arising from trading investments	(241 330 225)	(205 407 276)
Valuation differences of other investments	(28 845 296)	49 329 679
Amounts used from provisions (other than loans provision)	(37 391 707)	(165 767 345)
Foreign exchange differences for provisions (other than loans provision)	(3 106 813)	(535 949)
Foreign exchange differences for held -to- maturity investments	53 945 672	13 911 571
Gains from sale of fixed assets	(10 989 297)	(3 801)
Losses from sale of investments in associates	-	-
Prior years adjustments	-	(191 592 357)
Operating profit before changes in assets & liabilities	613 538 081	(185 642 904)
<u>Net decrease (increase) in assets</u>		
Deposits with banks	(11 163 679 309)	1 637 988 324
Treasury bills and other bills eligible for rediscounting with CBE	2 269 959 278	(287 059 448)
Trading investments	551 904 112	125 595 837
Available -for- sale investments	1 341 944 188	57 420 856
Loans to customers and banks	(1 747 380 285)	(1 390 478 394)
Receivables-sale of investments	6 581 040	-
Debit balances and other assets	(320 203 377)	66 298 482
<u>Net increase (decrease) in liabilities</u>		
Due to banks	1 347 129 902	592 733 493
Customers' deposits	4 754 019 839	(820 941 000)
Credit balances and other liabilities	(49 023 865)	(362 400 266)
Net cash used in operating activities	(2 395 210 396)	(566 485 020)
<u>Cash flows from investing activities</u>		
Payments to purchase fixed assets & preparing branches	(37 460 089)	(33 304 225)
Proceeds from sale of fixed assets	9 463 775	9 900
Proceeds from sale of investments in associates	-	-
Payments to purchase held-to- maturity investments	-	-
Net cash (used in) provided from investing activities	(27 996 314)	(33 294 325)
<u>Cash flows from financing activities</u>		
Payments of long term loans	(351 055 010)	(615 935 270)
Payments under state's share in profits paid dividends	-	(38 310 000)
Net cash used in financing activities	(351 055 010)	(654 245 270)
Net changes in cash and cash equivalent during the year	(2 774 261 720)	(1 254 024 615)
Cash & cash equivalent at the beginning of the period	3 378 874 063	4 632 898 678
Cash & cash equivalent at the end of the period	604 612 343	3 378 874 063
<u>Cash and cash equivalent are represented in:</u>		
Cash and due from Central Bank of Egypt	458 190 843	2 737 441 258
Due from banks	16 785 698 114	5 643 871 915
Treasury bills and other governmental bills eligible for rediscounting with the CBE	3 863 316 718	6 606 434 191
Deposits with banks	(16 694 460 469)	(5 530 781 160)
Treasury bills and other governmental bills eligible for rediscounting with the CBE (more than 3 months maturity)	(3 808 132 863)	(6 078 092 141)
Cash & cash equivalent	604 612 343	3 378 874 063

Non Cash Transactions:

For the purpose of preparing the cash flow statement, the following amounts were eliminated:

- An amount of LE.4 675 000 from both loans to customers and the change in debit balances and other assets items (represents amounts of assets reverted to the bank)
- An amount of LE.8 363 446 from both payments to purchase fixed assets and the change in debit balances and other assets items (represents amounts transferred from assets under construction)
- An amount of LE. 1 081 252 from both available -for- sale investments and reserves items (represents valuation differences of available -for- sale investments in foreign currencies).
- An amount of LE.1 821 787 from both creditors & other credit balances and proceeds from sale of fixed assets (amount proceeds from sale EL Mubtadian building)

The accompanying notes from No. (1) to No. (36) are an integral part of these financial statements and are to be read therewith.

Bank of Alexandria
(An Egyptian Joint Stock Company)

Notes to the Financial Statements
for the year ended 31 December 2007

1- ACTIVITY

- Bank of Alexandria (an Egyptian joint stock company) was established on 17 April 1957 as a commercial bank fully owned by the state till 31 October 2006 as Bank San Paolo I.M.I. (Italian Bank) acquired 80% of its issued share capital. The Bank currently performs its activities in accordance with Banking and Monetary Law no. 88/2003. The Bank renders all banking operations related to its activity through its head office in Cairo and 188 branches.

- The Bank's extraordinary general assembly held on 12 June 2007 approved to change the Bank's physical year to end annually on 31 December instead of 30 June.

2- Significant accounting policies applied

2-1 Basis of financial statements presentation

These financial statements were prepared in accordance with Egyptian Accounting Standards in the light of IFRS and accordance with the Central bank of Egypt's rules issued on 27 June 2002 and its amendments for the preparation and presentation of Bank's financial statements.

2-2 Foreign currencies transactions

- The Bank maintains its accounts in Egyptian Pound, transactions in foreign currencies are translated during the financial period at the exchange rates prevailing at the transaction date. At the financial period end, all monetary assets and liabilities in foreign currencies are revalued at the exchange rates prevailing at that date. Foreign currencies valuation differences are charged to the income statement in the gains (losses) arising from foreign currencies transactions item.

- Forward exchange contracts are valued at the financial period end at fair value on that date using the forward rates of periods remaining until contracts' maturity date. The resulting valuation differences are to be charged to the income statement in the gains (losses) arising from foreign currencies transactions item.

- Currency SWAP contracts are recorded at the date of commitment under "contingent liabilities and commitments". The difference between the two parts of the contract is recorded under "debit balances and other assets" or "credit balances and other liabilities" being considered as unrealized gain / loss at the date of commitment. The said difference is

amortized over the term of the contract either by debiting / or crediting interest income item in the income statement. The gains / losses of the contract are recorded in the income statement under "gains / losses arising from foreign currencies transactions'.

2-3 Revenue recognition

Income is recognized on accrual basis except for the interest income on doubtful loans, which ceases when the recovery of interest or principal is in doubt. Dividend income is recorded when declared.

2-4 Treasury bills and other bills eligible for rediscounting with the Central Bank of Egypt

a) Treasury bills

Treasury bills are recorded at nominal value. The unearned revenues are recognized in the creditors and other liabilities item. Treasury bills are presented in the balance sheet net of the issuance discount.

b) Notes and certificates of the Central Bank of Egypt

Notes and certificates of the Central Bank of Egypt are recorded at their nominal value. The unearned revenues are recognized in the creditors and other liabilities item. These notes are presented in the balance sheet within treasury bills item net of the unearned revenue.

2-5 Valuation of trading investments

- Trading investments, including investment portfolios managed by others and mutual fund certificates not issued by banks or insurance companies, are to be valued at the period end using the fair value which represents the market price. The valuation differences are to be charged to the income statement.
- Trading investments that lost any of their classification terms are to be valued at their book value which reduced with any decline according to a comprehensive study for the company's latest financial statements. The valuation differences are to be charged to the income statement.
- Mutual fund certificates issued by banks and insurance companies are to be valued at fair value which represents the realizable value on the valuation date. The valuation differences are to be charged to the income statement.

2-6 Valuation of available –for- sale investments

Available –for- sale investments are valued at the cost –including the foreign currencies differences- or fair value whichever is lower. The valuation differences are to be charged to the income statement as valuation differences of other investments except for the valuation differences before 30 June, 2003 that should be booked as a special reserve in the shareholders' equity caption. In case of any decline in the value of the investment, the formed special reserve for such investment should be used and the remaining decline is to be

charged to the income statement. If the investment subsequently sold, its share in the special reserve should be charged to the income statement.

2-7 Valuation of held -to- maturity investments

- Bonds purchased through first issuance are to be valued using the amended cost which represents the nominal value plus the issuance premium or less the issuance discount as the case may be.
- Issuance premium /discount is to be amortized using the straight line basis, the amortization is charged to the income statement in the "Income from treasury bills and other bills eligible for rediscounting with CBE" item.
- Bonds purchased through the Stock Exchange with a price more or less than the nominal value are to be valued using the same basis, the cost is to be reduced with any interest accrued during the period preceding the purchase date.
- The book value is to be amended with any decline in the fair value compared with the book value of each bond and the decline is to be charged to the income statement as valuation differences of other investments item. Any recovery of such decline is to be recognized in the income statement within the limits of valuation differences recognized in the income statements in previous periods.
- The book value of bonds in foreign currencies is to be amended with the valuation result according to the exchange rates prevailing at the valuation date. The valuation differences are to be charged to the income statement in gains (losses) arising from foreign currencies transactions item.
- Mutual Fund Certificates that should be retained by the Bank till the end of the mutual fund term as the Bank is the establisher, is to be valued at cost, any decline in the realizable value compared to cost is to be charged to the income statement as valuation differences of other investments item. Any recovery of such decline is to be recognized in the income statement within the limits of valuation differences recognized in the income statements in previous periods.

2-8 Investments in associates

Investments in associates are to be valued at cost. The book value is to be amended with any decline in the fair value compared to the book value for each individual investment and the decline is to be charged to the income statement as valuation differences of other investments item. Any recovery of such decline is to be recognized in the income statement within the limits of valuation differences recognized in the income statements in previous periods.

2-9 Impairment of non – monetary assets

- At the balance sheet date, the Bank reviews the value of its Non – Monetary assets to determine if there are any indications of impairment in the values of such assets. In case of any asset impairment indicators, the Bank determines the net realizable value of such asset. When the net realizable value is less than the carrying amount of such asset, the reduction in the asset's value is charged to the income statement. Concerning the annual depreciation of fixed assets for incoming years, the asset is to be depreciated using the new carrying value.
- The Bank regularly reviews the existence of any indicators which may result in the reversal of the impairment previously recognized and if any, the impairment is reversed so that assets' book value do not exceed their net original value before the recognition of the impairment.

2-10 Valuation of assets reverted to the bank in settlement of some customers' debts

Assets reverted to the bank in settlement of some customers' debts item is presented in the balance sheet under the item of "debit balances and other assets" on the basis of their assigned value. If the assets' fair value falls below the value at which such assets have been reverted to the Bank on the balance sheet date, the differences will be charged to the income statement. In case of assets' fair value increase, the differences will be charged to the income statement within the limits of what had been charged to the income statement in previous periods.

2-11 Defined benefits plans

- The bank applies a health care plan for its current and retired employees and values its obligations towards its employees according to this plan. These obligations represented in the present value of plan's obligations as at the balance sheet date less the present value of plan's assets including any adjustments resulted from the actuarial profits and losses and costs of previous services. The plan's obligations are valued through an independent actuary using the anticipated debt unit method. The obligations' present value is determined based on the expected future cash out flow using the interest rate on governmental bonds with similar maturities periods. These obligations are classified as credit balances and other liabilities item in the balance sheet.
- Actuarial profits/losses arising from adjustments resulted from experience, changes in actuarial assumptions and amendments in health care plans during the average of remaining periods for banks' employees are charged to the income statement.

- The bank was accounting for employees benefits related to the health care plans for current and retired employees based on the incurred costs.

2-12 Loans provision and contingent liabilities provision

- A provision is formed to specific loans and contingent liabilities in addition to a percentage for general risk in a range of 1 to 5% of total loans and other contingent liabilities according to valuation bases of customers' credit merits issued by the Central Bank of Egypt on 6 June ,2005.
- Loans are written off when it is no longer feasible to collect such loans by debiting the provision and any proceeds of bad debts that were previously written off are added thereto.

2-13 Contingent liabilities and commitments

Contingent liabilities, in which the bank is a party, in addition to the commitments resulting from forward exchange contracts and interest rate contracts etc, are presented off balance sheet under the item of "contingent liabilities and commitments" since they do not represent actual assets or liabilities on the balance sheet date.

2-14 Cash flow statement

For the purpose of preparing the cash flow statement, the cash and cash equivalent include cash and balances with the Central Bank of Egypt, current accounts with banks and treasury bills and other bills maturing within 3 months or less from the acquisition date.

2-15 Depreciation and amortization

- Fixed assets are recorded at acquisition cost and depreciated by the straight line method using appropriate depreciation rates which are determined based on the estimated useful life for each type of asset:

<u>Type of asset</u>	<u>Estimated useful lives</u>
Premises	20 Years
Furniture & equipment	10 Years
Computer and information systems	5 Years
Transportation equipment	5 Years

- Improvements expenditures of the Bank's leas holding and owned branches are depreciated over 4 years (25% annually) or lease term whichever is less.

2-16 Taxes

- Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent

- that it relates to items recognized directly in equity, in which case it is recognized in equity.
- Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
 - Deferred tax is provided using the balance sheet liability method, providing 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 on the balance sheet date.
 - 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) The Bank's financial instruments are represented in the financial assets and liabilities. The financial assets include cash, due from Banks, investments, loans to customers & Banks and rights and others' obligations stated in contingent liabilities, as also the financial liabilities include customers' deposits, due to Banks, and rights and obligations to others stated in the contingent liabilities.

The note No. (2) to the financial statements includes the accounting policies applied to measure and recognize significant financial instruments and the revenues and expenses related thereto.

- (b) **Financial instruments' fair value**

The financial instruments' fair values are not substantially deviated from their book value at the balance sheet date according to the valuation basis applied in accounting policies to the assets and liabilities, which included in the notes to the financial statements on the balance sheet date.

Note no. (8) to the financial statements disclose the fair values of investments other than trading investments on the balance sheet date.

- (c) **Forward exchange contracts**

According to the instructions of the Central Bank of Egypt, the Bank does not execute forward exchange contracts except to cover its needs of foreign currencies or customers' needs to meet their foreign currencies obligations resulting from dealing through the Bank and also

to meet the risks of exchange and interest rates related to balances and dealings of the Bank. All of the forward contracts are short - term transactions.

3/2 Management of risks relating the financial instruments

(a) Interest rate risk

The values of some financial instruments will fluctuate due to the changes in interest rates related thereto. The Bank follows some procedures to minimize the risk such as:-

- Correlating between the interest rates on borrowing and lending.
- Determining the applied interest rates considering the prevailing discount rates on various currencies.

Note No. (30) to the financial statements disclose the average interest rates applied by the Bank during the period on financial assets and liabilities.

(b) Credit risk

Loans to customers & banks, bond investments, due from Banks and rights and others' obligations are of the financial assets which can be exposed to the credit risk represented in customers' inability to repay part or full amount of the loan granted to them at maturity date.

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

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

Note No (32) to the financial statements discloses the distribution of loans portfolio on various sectors.

(c) Foreign currency risk

The Bank's activity nature requires dealing in many foreign currencies which expose the Bank to the risk of fluctuation in the amounts of assets and liabilities as a result of the fluctuation in exchange rates. To minimize this risk, the Bank considers the balancing of foreign currencies positions according to the Central Bank of Egypt instructions in that respect. Note No. (33) to the financial statements discloses the significant foreign currencies positions on the balance sheet date.

4- **Cash and balances with the Central Bank of Egypt**

	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
Cash on hand	464 353 792	388 648 459
Due from the Central Bank of Egypt (Reserve percentage)	(6 162 949)	2 348 792 799
Balance	458 190 843	2 737 441 258

The Bank complied with regulars and instruction issued by CBE.

5- **Due from banks**

	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
A- <u>The Central Bank of Egypt</u>		
- Current accounts	17 693 364	41 575 784
- Time deposits	15 865 545 700	4 496 735 260
	15 883 239 064	4 538 311 044
B- <u>Local Banks</u>		
- Current accounts	3 429 707	4 519 040
- Time deposits	98 368	--
	3 528 075	4 519 040
C- <u>Foreign Banks</u>		
- Current accounts	70 114 574	66 995 931
- Time deposits	828 816 401	1 034 045 900
	898 930 975	1 101 041 831
Balance	16 785 698 114	5 643 871 915

6- Treasury bills and other bills eligible for rediscounting with the Central Bank of Egypt

	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
A- <u>Treasury bills</u>		
Treasury bills 91 days maturity	55 625 000	47 275 000
Treasury bills 182 days maturity	886 950 000	174 450 000
Treasury bills 364 days maturity	3 040 525 000	3 008 625 000
Total	3 983 100 000	3 230 350 000
<u>Less: Unearned interest</u>	(119 783 282)	(103 769 033)
Net	3 863 316 718	3 126 580 967
	=====	=====
B- <u>Notes of the Central Bank of Egypt</u>		
Notes maturing within one month	-	344 000 000
Notes maturing within 3 months	-	141 000 000
Notes maturing within more than 3 months	-	3 175 000 000
Total	-	3 660 000 000
<u>Less: unearned interest</u>	-	(180 146 776)
Net	-	3 479 853 224
Balance	3 863 316 718	6 606 434 191
	=====	=====

7- Trading investments

	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
Stocks	96 703 264	85 872 313
Bonds	131 963 576	373 097 623
Mutual funds certificates	928 193 735	1 008 464 526
Balance	1 156 860 575	1 467 434 462
	=====	=====

	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
<u>Trading investments are represented in the following:-</u>		
Securities listed in the Stock Exchange	228 666 840	458 969 936
Securities not listed in the Stock Exchange	928 193 735	1 008 464 526
	1 156 860 575	1 467 434 462
	=====	=====

8- **Available - for- sale investments**

	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
(a) <u>Investments in stocks</u>		
Companies' stock	82 350 902	100 623 836
Banks' stock	22 282 992	23 064 886
	<hr/>	<hr/>
	104 633 894	123 688 722
	<hr/>	<hr/>
(b) <u>Investments in bonds</u>		
Governmental bonds	2 062 622 136	3 289 435 285
Companies' bonds	240 624 517	277 304 636
Banks' bonds	2 683	36 980 707
	<hr/>	<hr/>
	2 303 249 336	3 603 720 628
	<hr/>	<hr/>
(c) <u>Certificates of mutual fund</u>		
Horus fund for investments in Agricultural and Food Sector	11 053 976	5 708 000
	<hr/>	<hr/>
	11 053 976	5 708 000
	<hr/>	<hr/>
Balance	2 418 937 206	3 733 117 350
	<hr/> <hr/>	<hr/> <hr/>

Available -for- sale investments are represented as follows:-

Securities listed in the Stock Exchange	2 194 715 791	3 507 052 335
Securities not listed in the Stock Exchange	224 221 415	226 065 015
	<hr/>	<hr/>
	2 418 937 206	3 733 117 350
	<hr/> <hr/>	<hr/> <hr/>

The market value of the available -for- sale investments listed in the Stock Exchange is LE. 2 328 170 816 as at 31 December 2007 versus LE. 3 591 926 913 as at 31 December 2006.

9- **Loans to customers and banks (net of loans provision)**

	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
Discounted commercial papers	3 496 608	730 613
Loans to customers	12 088 569 245	10 989 414 260
Loans to banks *	500 000 000	--
	<hr/>	<hr/>
Total	12 592 065 853	10 990 144 873
<u>Less:</u>		
Unearned discount	(228 963)	(152 328)
Interest under settlement	(210 907 573)	(328 641 999)
Interest in - suspense	(78 378 292)	(78 072 906)
Loans provision	(2 106 044 465)	(2 022 122 865)
	<hr/>	<hr/>
Net	10 196 506 560	8 561 154 775
	=====	=====

10. **Loans provision (performing /nonperforming)**

	<u>31 December 2007</u>		
	Specific	General	Total
	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>
Provision at the beginning of the period	1 896 410 865	125 712 000	2 022 122 865
Formed during the period	86 069 172	21 284 328	107 353 500
Proceeds from debts previously written off	25 407 578	--	25 407 578
Foreign currencies valuation differences	(2 115 742)	(799 850)	(2 915 592)
	<hr/>	<hr/>	<hr/>
	2 005 771 873	146 196 478	2 151 968 351
Amounts used during the period	(45 923 886)	-	(45 923 886)
	<hr/>	<hr/>	<hr/>
Provision at the end of the period	1 959 847 987	146 196 478	2 106 044 465
	=====	=====	=====

	<u>31 December 2006</u>		
	<u>Specific</u>	<u>General</u>	<u>Total</u>
	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>
Provision at the beginning of the period 1/7/2006	2 134 925 006	106 211 000	2 241 136 006
Formed during the period	62 555 101	19 705 899	82 261 000
Foreign currencies valuation differences	(432 198)	(204 899)	(637 097)
	-----	-----	-----
	2 197 047 909	125 712 000	2 322 759 909
Amounts used during the year	(300 637 044)		(300 637 044)
	-----	-----	-----
Provision at the end of the period 31/12/2006	1 896 410 865	125 712 000	2 022 122 865
	=====	=====	=====

11. Held -to- maturity investments

	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
A) <u>Bonds:</u>		
Governmental bonds maturing on 27 Jan, 2011	1 537 381 941	1 591 327 612
Governmental bonds maturing in March 2013	100 000 000	100 000 000
B) <u>Investment certificates of mutual fFund</u>		
Bank of Alexandria – first mutual fund - (150 000. I.C with redeemable value of LE. 557.28 per policy on 31 December 2007 versus LE. 421.35 on 31 December 2006)	29 519 000	29 519 000
Bank of Alexandria – mutual fund with a daily accumulated return (1 000 000 I.C with redeemable value of LE 11.475 per policy on 31 December 2007 versus LE 10.581 per policy on 31 December 2006)	10 000 000	10 000 000
	-----	-----
Balance	1 676 900 941	1 730 846 612
	=====	=====

- Held -to- maturity investments are represented in investments not listed in the Stock Exchange.

12. Investments in associates

	<u>31 December 2007</u>		<u>31 December 2006</u>	
	<u>Amount</u> <u>LE.</u>	<u>Sharing</u> <u>Percentage</u> <u>%</u>	<u>Amount</u> <u>LE.</u>	<u>Sharing</u> <u>Percentage</u> <u>%</u>
Abrag Misr ElAlamaya Company	7 522 900	28	7 522 900	28
Misr Alexandria Fund For Financial Investment Co.	7 500 000	25	7 500 000	25
United Company for Valves (butterfly)	--	25	--	25
Balance	<u>15 022 900</u>		<u>15 022 900</u>	

- Investments in associates are represented in investment not listed in the Stock Exchange.

13. Capital expenditures commitments

A. Investments

The value of the capital commitments related to purchase of investments and not paid until balance sheet date amounted USD 9 000 000 represented as follows:

	<u>Investment</u> <u>value</u> <u>US\$</u>	<u>Paid amount</u> <u>US\$</u>	<u>Unpaid</u> <u>amount</u> <u>US\$</u>
<u>Available -for- sale investments</u>			
Horus Fund for Investment in Agricultural and Food Sector	5 000 000	2 000 000	3 000 000
African Bank for Import and Export – AFREXIM	10 000 000	4 000 000	6 000 000
	<u>15 000 000</u>	<u>6 000 000</u>	<u>9 000 000</u>

B. Fixed assets and preparing branches

The value of the capital commitments related to contracts to purchase fixed assets and preparing branches that not yet executed amounted LE.23 964 020 on 31 December 2007 versus LE. 10 580 552 on 31 December 2006.

14. Receivables - sale of investments

The Bank has sold some of its investments to the National Investment Bank, National Bank of Egypt and Banque Misr by their book value according to the contracts signed during February 2006. The uncollected amounts as at the balance sheet date amounted to LE. 24 090 009 and representing in the following:

	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
National Investment Bank	24 090 009	24 090 009
National Bank of Egypt	-	6 581 040
Balance	<u>24 090 009</u>	<u>30 671 049</u>
	=====	=====

15. Debit balances and other assets (net)

	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
Accrued revenues	603 058 902	215 623 703
Prepaid expenses	20 272 607	4 508 402
Assets reverted to the Bank in settlement of debts	29 767 392	25 092 392
Payments under purchase of fixed assets	15 894 675	6 251 594
Deposits with others	1 781 314	642 923
Other debit balances *	356 517 554	458 658 499
Balance	<u>1 027 292 444</u>	<u>710 777 513</u>
Less: Provision for doubtful amounts	(157 000 000)	(157 000 000)
Net	<u>870 292 444</u>	<u>553 777 513</u>
	=====	=====

*** Other debit balances includes the following:**

- An amount of LE. 148 million as at 31 December 2007 and 31 December 2006 represents disputed amounts paid to the Tax Authority and a provision with the total amount has been formed.
- An amount of LE 9 million as at 31 December 2007 and 31 December 2006 represents disputed amounts due to the Bank and a provision with the total amount has been formed.
- An amount of LE. 73 million as at 31 December 2007 and 31 December 2006 represents overpayments to the Ministry of Finance as down payments under the State's share in Bank's estimated profits according to previous years' budgets.
- An amount of LE. 68 million as at 31 December 2007 and 31 December 2006 represents the value of Stamp Duties on treasury bonds and legal return computed thereon for which the Arbitration Award no. 23 for 2003 was issued in favor of the Bank.

16. Fixed assets (net of accumulated depreciation)

	<u>Land*</u>	<u>Premises and decorations</u>	<u>Computers information Systems</u>	<u>Transportation means</u>	<u>Installation</u>	<u>equipment</u>	<u>Furniture</u>	<u>Total</u>
	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>
Cost as at 1/1/2007	4 173 838	75 759 301	137 529 431	6 115 160	3 628 981	47 947 652	23 505 568	298 659 931
Additions during the year	7 503 521	6 346 548	8 444 237	6 695 618	109 816	11 994 730	4 729 065	45 823 535
Disposals during the period	(281 518)	(83 763)	--	(534)	--	(19 898)	(62 981)	(448 694)
Cost as at 31/12/2007	11 395 841	82 022 086	145 973 668	12 810 244	3 738 797	59 922 484	28 171 652	344 034 772
Accumulated depreciation as at 1/1/2007	--	53 844 281	65 063 615	5 665 471	3 565 015	15 853 800	11 623 367	155 615 549
Depreciation for the year	--	2 343 308	23 250 840	1 454 183	25 927	5 514 498	2 305 624	34 894 380
Disposals' accumulated depreciation	--	(83 763)	--	(534)	--	(18 880)	(49 252)	(152 429)
Accumulated depreciation as at 31/12/2007	--	56 103 826	88 314 455	7 119 120	3 590 942	21 349 418	13 879 739	190 357 500
Net book value as at 31/12/2007	11 395 841	25 918 260	57 659 213	5 691 124	147 855	38 573 066	14 291 913	153 677 272
Net book value as at 31/12/2006	4 173 838	21 915 020	72 465 816	449 689	63 966	32 093 852	11 882 201	143 044 382

* Fixed assets at the balance sheet date (net of accumulated depreciation) include an amount of LE. 7 808 826 represents assets (lands) not registered in Bank's name and the legal procedures to register these assets are currently taking place.

17. Due to banks

	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
A- <u>Local banks</u>		
Current accounts	18 748 477	36 384 442
Time deposits	1 979 862 780	977 772 160
	<u>1 998 611 257</u>	<u>1 014 156 602</u>
B- <u>Foreign banks</u>		
Current accounts	52 683 855	42 672 930
Time deposits	441 593 257	3 308 935
Short term loans	--	85 620 000
	<u>494 277 112</u>	<u>131 601 865</u>
Balance	<u>2 492 888 369</u>	<u>1 145 758 467</u>

18. Customers' deposits

	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
Demand deposits	1 995 986 361	1 702 595 582
Time deposits and call accounts	10 006 503 928	5 562 202 820
Saving and deposits certificates	2 839 308 329	3 114 349 182
Saving deposits	15 674 251 836	15 505 255 986
Other deposits	507 328 317	384 955 362
	<hr/>	<hr/>
Balance	31 023 378 771	26 269 358 932
	=====	=====

19. Credit balances and other liabilities

	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
Accrued interest	104 406 082	140 239 587
Unearned revenue	17 377 294	4 785 377
Accrued expenses	58 582 397	11 333 304
Creditors and other credit balances *	524 110 805	598 963 962
	<hr/>	<hr/>
Balance	704 476 578	755 322 230
	=====	=====

* Includes an amount of LE. 200 million as at 31 December 2007 and as at 31 December 2006 representing the present value of the bank's expected obligations for the post retirement medical expense and the health care services provided by the bank to its employees represent all health care services provided to Bank's employees during their employment period and for retired employees including those who retired as they have reached the retirement age or have retired for health problem or those who early and discretionary retired according to the early retirement program rules. This program does not include the employees' families. An amount of LE 23 million represents the payment of medical expenses provided to the Bank's employees and retired employees during the period.

- The most important assumptions used by the actuary in his estimate represented in the followings:

Interest rate used for discount	10%
Inflation rate of health care costs	7%
Turn-over of employees that will not get any benefits from health care services	0.5%
Retirement rate due to health causes	0.2%

The following table clarify the effect of changes in these assumptions on the present value of the expected liabilities:

	<u>Changes in assumptions</u>	<u>Effect in LE. million</u>
Interest rate used for discount	+/- 0.25 %	+/- 7
Inflation rate of health care costs	+/- 0.25 %	+/- 7
Turn-over of employees that will not get any benefits from health care services	+/- 0.1 %	+/- 1
Retirement rate due to health causes	+/- 0.1 %	+/- 1

20. Long term loans

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amounts maturing during the next year</u>	<u>Balance as at 31/12/2007</u>	<u>Balance as at 31/12/2006</u>
	<u>%</u>		<u>LE.</u>	<u>LE.</u>	<u>LE.</u>
European Investment Bank loan *	4.2	2010	54 544 721	170 613 116	219 886 805
Social Development Fund **	5.5-6.7	2009/2013	30 083 201	85 845 305	116 377 903
Loan within the framework of the Agricultural Sector Development Program ***	3.5-4.5	2011	24 669 193	55 200 099	41 048 822
Citi Bank London - loan ****	(65 points over Libor)	2007	--	--	285 400 000
			<u>109 297 115</u>	<u>311 658 520</u>	<u>662 713 530</u>
			=====	=====	=====

* This item is represented in the loan agreement concluded between the Bank and the European Investment Bank on 19 October 1995 with an amount equivalent to Euro 70 million. According to the agreement, the Bank shall re-lend the loan to Misr Company for Aluminum to finance the investment plan of the company within the limit of the amount paid by the European Investment Bank to the Bank from time to time by virtue of the finance contract. The loan term is 15 years with grace period of 5 years and repayment shall be made on 20 semi-annual installments. First installment due on 15 April 2001 while the last installment will due on 15 October 2010. The annual interest rate on the loan is 4.2% and the interest due every six months. According to the agreement, Misr Company for Aluminum shall pay a commission of 0.25% to the Bank upon the repayment of each installment.

** The balance of Social Development loan represented in 7 contracts with a total amount of LE 197 million, there is an amount of LE 167.5 million transferred to the bank of which an amount of LE 81.7 million has been settled till 31 December 2007.

*** This item is represented in the participation contract signed between the Bank and the Commercial International Bank aiming to the development of the Nutritious Security Sector and reducing the deficit in the Disbursement Balance by supporting and increasing the production through 5 sub agricultural sectors. According to this contract, the European Union granted a credit line to the program with an amount of Euro 98 million to be used in forming a revolving fund and Commercial International Bank is the loan manager.

**** Citi Bank – London loan represents the value of the loan contract with an amount of USD 150 million according to the signed agreement dated 17 January 2005 between the Bank and number of Banks managed by Citi Bank- London. The loan will be obtained and withdrawn on 2 trenches. The Bank withdrew the 1st trench amounting USD 100 million on 18 March 2005 and the second trench amounting USD 50 million was withdrawn on 28 April 2005. The repayment will due on one installment after 3 years from the date of signing the agreement. The interest on the loan is 65 points over the prevailing 6 months Libor rate, the Bank has accelerated the payment of the first and second trench with an amounts of USD 100 and USD 50 million on 20 September 2006 and 31 January 2007 respectively and accordingly the loan has been fully paid.

21. Other provisions

<u>Description</u>	<u>31/12/2007</u>					
	<u>Balance at the beginning of the period</u>	<u>Formed during the period</u>	<u>Provisions no longer needed</u>	<u>Foreign currencies valuation differences</u>	<u>Amounts used during the period</u>	<u>Balance at the end of the period</u>
	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>
Expected claims provision	344 576 962	69 057 743	--	(1 712 547)	(25 827 584)	386 094 574
Contingent liabilities provision	360 419 877	--	(11 994 000)*	(1 394 266)	(11 193 372)	335 838 239
Other provision	14 501 236	728 068	--	--	(370 751)	14 858 553
Balance	<u>719 498 075</u>	<u>69 785 811</u>	<u>(11 994 000)</u>	<u>(3 106 813)</u>	<u>(37 391 707)</u>	<u>736 791 366</u>

* Recognized in other operating revenues in the income statement.

- Contingent liabilities provision includes an amount of LE. 37 759 776 provision of performing contingent liabilities

<u>Description</u>	<u>31/12/2006</u>					
	<u>Balance at the beginning of the period</u>	<u>Formed during the period</u>	<u>Provisions no longer needed</u>	<u>Foreign currencies valuation differences</u>	<u>Amounts used during the period</u>	<u>Balance at the end of the period</u>
	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>
Expected claims provision	369 949 543	140 469 000	--	(435 988)	(165 405 593)	344 576 962
Contingent liabilities provision	391 904 838	--	(31 385 000)*	(99 961)	--	360 419 877
Other provision	<u>14 612 988</u>	<u>250 000</u>	--	--	<u>(361 752)</u>	<u>14 501 236</u>
Balance	<u>776 467 369</u>	<u>140 719 000</u>	<u>(31 385 000)</u>	<u>(535 949)</u>	<u>(165 767 345)</u>	<u>719 498 075</u>

* Recognized in other operating revenues in the income statement.

- Contingent liabilities provision includes an amount of LE. 28 449 000 represents provision of performing contingent liabilities..

22. Shareholders' equity

A) Authorized capital

The Bank's authorized capital amounts LE. 1 000 million.

B) Share capital

- The issued capital amounts to LE. 800 million and are represented in 400 million shares having a par value of LE.2 each and it has been fully subscribed and paid.
- The Bank's ordinary general assembly has approved in its session held on 22 March 2006 some amendments on Bank's Statutes. Accordingly, the issued and paid - in capital which amounts LE. 800 million became distributed on 160 million shares with par value of LE. 5 each.
- On 31 October 2006 San Paolo – I.M.I. (An Italian Bank) has acquired a percentage of 80% of Bank's issued capital within the frame of developing the Banking sector program approached by the government. The Central Bank of Egypt approved the acquisition process in its session held on 5 December 2006 and the process was executed in Cairo Stock Exchange on 12 December 2006.
- On 23 February 2007 the Ministry of Investment (State owned assets management program) has invited the investment banks to submit their proposals for the public offering of 15% of the issued share capital and the remaining 5% to Bank of Alexandria's employees.

C) Reserves

- According to the Bank's statutes a sum equal to 5% of annual net profit is retained to form the legal reserve, which ceases when its balance amounts to 50% of the issued and paid in capital.
- In compliance with the instructions of the Central Bank of Egypt, the balance of the special reserve may not be used without recourse to the Central Bank of Egypt.
- The Bank's ordinary general assembly approved in its session held on 22 March 2006 the amendments of some articles of Bank's statute. According to these amendments, the Bank's profit appropriation after deducting all expenses, costs, donations and forming the necessary provision will subject to preparation and presentation rules and credit merits rules issued by the Central Bank of Egypt considering the provisions of corporate companies, partnership limited by shares companies and limited liability companies' Law No. 159/1981 and Central Bank and Banking Law No. 88/2003 and in the light of the decisions of Bank's general assembly. The general assembly has the power to approve all or some of profits disclosed in Bank's financial statements which are accompanied by Bank's auditors report and after the Central Bank's approval.

- The Bank's extraordinary general assembly approved in its session held on 12 June 2007 to use the general reserve to cover the remaining balance of the retained losses as at 31 December 2006.

23. Contingent liabilities and commitments

	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
Letters of guarantee	1 926 260 795	1 589 640 718
Documentary credits (export and import)	552 272 184	635 355 931
Acceptances	64 726 715	42 508 660
Forward exchange contracts	--	20 693 458
Swap contracts	--	129 271 958
Interest rate contracts	55 145 000	--
	<hr/>	<hr/>
Balance	2 598 404 694	2 417 470 725
	=====	=====

24. Gains arising from foreign currencies transactions

	<u>From1/1/2007</u>	<u>From1/7/2006</u>
	<u>to31/12/2007</u>	<u>to31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
Gains arising from dealing in foreign currencies	13 642 363	2 369 866
Revaluation differences of balances in foreign currencies	8 963 123	4 274 014
Gains arising from revaluation of forward exchange contracts	135 998	23 815
	<hr/>	<hr/>
Balance	22 741 484	6 667 695
	=====	=====

25. Valuation differences of other investments

	<u>From1/1/2007</u>	<u>From1/7/2006</u>
	<u>to31/12/2007</u>	<u>to31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
Available - for- sale investments	28 845 296	(49 329 679)
	<hr/>	<hr/>
Balance	28 845 296	(49 329 679)

26. **RECONCILIATION OF EFFECTIVE TAX RATE**

	<u>31/12/2007</u>	
	<u>LE.</u>	<u>LE.</u>
Net profit before tax		681 216 056
Tax rate		20%
Income tax using the domestic corporate tax rate		136 243 211
Non deductible expenses	7 744 053	
Tax exemptions	(206 067 172)	
Effect of provisions	15 542 983	
Total tax difference		(182 780 136)
Deferred asset tax not recognized resulted from taxation losses		(46 536 925)
Income tax according to tax return		--

27. **Unrecognized deferred tax assets**

Deferred tax assets have not been recognized in respect of the following items:

<u>Deferred tax</u>	<u>31/12/2007</u>		<u>31/12/2006</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>
Fixed assets depreciation	--	(1 292 552)	2 632 904	--
Other provisions	62 924 225	--	64 537 188	--
Valuation differences of available -for-sale investments	1 024 830	--	205 468	--
Total deferred tax assets	63 949 055	(1 292 552)	67 375 560	--
Net deferred tax assets	62 656 503		67 375 560	

In the light of the Bank's budgets amended for the following 5 years, and calculation of taxable profits, no corporate tax will due after deducting the amounts exempted according to tax No. 91/2005 and the special exemptions provided by special laws. So deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the bank can utilize the benefits arising therefrom.

28. **Earnings per share**

	From 1/1/2007 to 31/12/2007 LE.	From 1/7/2006 to 31/12/2006 LE.
Net profit for the period	681 216 056	107 650 447
The employees' share in the net profit	(63 671 542)	
The shareholders' share in the net profit	(617 544 514)	107 650 447
The weighted average number of shares	160 000 000	160 000 000
Earnings per share	3.86	0.67

29. **Maturities of assets and liabilities**

<u>Description</u>	<u>Due within one year</u>	<u>Due within more than one year</u>
	<u>Figures in Thousands LE.</u>	<u>Figures in Thousands LE.</u>
A- <u>Assets</u>		
Due from banks	16 277 045	508 653
Treasury bills and other bills eligible for rediscounting with The Central Bank of Egypt	3 863 317	--
Trading investments	1 156 861	--
Available - for- sale investments	121 898	2 297 039
Loans to customers and banks	4 667 611	5 528 896
Held - to- maturity investments	--	1 676 901
Investments in associates	--	15 023
Receivables – sale of investments	24 090	--
Debit balances and other assets	766 386	103 906
Total	26 877 208	10 130 418
B- <u>Liabilities</u>		
Due to banks	2 458 780	34 108
Customers' deposits	17 810 760	13 212 619
Long term loans	109 297	202 362
Other credit balances	359 809	344 668
Total	20 738 646	13 793 757

30. **Effective average interest rates**

The average interest rates on assets and liabilities amounted to 8.7%, 6.6% respectively.

31. Tax status

A- Corporate Tax

The Tax Authority has inspected the years till 2004/2005 and the taxes due was paid for all years according to the decisions of the Internal and Appeal committees, and the years which have not settled with the Tax Authority (the disputed points are mainly the interests in - suspense and the share of the sport activities) are as follows:

- As for years 1981/1982, 1982/1983 the appeal that was established by the Bank against the Tax Authority was stopped to settle the dispute in accordance with law No. 159 / 1997 and because of disagreement with the Tax Authority the case has been returned back to the court.
- As for the years 1990/1991, 1991/1992, 1997/1998, 1999/2000 till, 2003/2004, the Bank established legal cases against the Tax Authority.
- The bank has paid the due taxes for all years according to the Internal and the Appeal Committees' decisions and has formed the required provision for these issues.
- As for the year 2004/2005, the Bank has settled all the disputes with the tax authority and paid the due tax including the due tax on the share of the sport activities transferred to the Appeal Committee.
- As for the year 2005/2006, the tax return resulted in tax losses in the lights of the exemptions under law No. 91 / 2005.
- As for the period ended December 31, 2006, the tax return resulted in tax losses in the lights of the exemptions under law No. 91 / 2005.

B- Salaries Tax

The tax Authority has inspected the years till 2004 and the due tax was settled, the years 2005/2006 have not been inspected yet by tax authority.

C- Stamp Duty Tax

The Bank computes the due stamp taxes and remit them to Tax Authority according to applicable laws and regulations, further, the Bank forms provision for all tax liabilities after making the necessary study in the light of actual and expected tax claims.

32. Distribution of assets, liabilities, contingent liabilities and commitments

	<u>31/12/2007</u> <u>figures in</u> <u>thousands</u> <u>LE.</u>	<u>31/12/2006</u> <u>figures in</u> <u>thousands</u> <u>LE.</u>
<u>A. Distribution of loans to customers according to economic sector</u>		
Public Business Sector	315 223	383 313
Public Service Sector	--	181
Private Business Sector	8 434 254	7 784 373
Household Sector	3 342 589	2 822 011
Non resident sector	--	267
Banks	500 000	--
Total	<u>12 592 066</u>	<u>10 990 145</u>
	=====	=====
	<u>31/12/2007</u> <u>figures in</u> <u>thousands</u> <u>LE.</u>	<u>31/12/2006</u> <u>figures in</u> <u>thousands</u> <u>LE.</u>
<u>B. Distribution of customers' deposits according to economic sector</u>		
Public Service Sector	850 857	937 595
Public Business Sector	1 250 665	1 776 232
Private and Household Sector	23 353 078	23 271 610
Non Resident Sector	947	973
Financial Institutions Sector	5 427 667	187 561
Other Deposits	140 165	95 388
Total	<u>31 023 379</u>	<u>26 269 359</u>
	=====	=====
<u>C. Distribution of net contingent liabilities and commitments according to economic sector</u>		
Public Business Sector	486 750	871 199
Private and Household Sector	1 798 499	1 251 615
Public Service Sector	41 519	25 787
Other Sectors	271 637	268 870
Total	<u>2 598 405</u>	<u>2 417 471</u>
	=====	=====

33. Significant currencies positions

	<u>31/12/2007</u> Surplus (deficit) figures in <u>thousands</u> <u>LE.</u>	<u>31/12/2006</u> Surplus (deficit) figures in <u>thousands</u> <u>LE.</u>
Egyptian Pound	(3 864)	(14 252)
US Dollar	1 521	121
GBP	(34)	(858)
Euro	(258)	6 599
S.F	39	(1 239)
JPY	(204)	(304)
SAR	(122)	7 481
Other	2 922	2 452

34. Mutual funds

A- Mutual fund of the bank (with periodical return and capital growth)

- It is an activity authorized for the Bank by virtue of Capital Market Law No. 95/1992 and its Executive Regulations.
The Fund is managed by EFG- Hermes Fund Management Company. The certificates of the fund reached 3 million certificates with an amount of LE. 300 million (after increasing the capital of the mutual fund on 26 March 2006 with an amount of L.E 100 million). Of which 150 thousand certificates were allocated to the Bank to undertake the fund's activity.
- The Bank has purchased a number of 870 396 certificates, their redeemable value in 31/12/2007 amounted to LE. 485 million,
The redeemable value of the certificate at the balance sheet date amounted LE 557.28 and the certificates outstanding at that date reached 1 188 764 certificates.
- According to the fund's management contract and its prospectus, the Bank shall obtain fee and commission for supervision on the fund and other managerial services rendered by the Bank. Total commission at the current period amounted to LE. 6 104 741 was presented under the item of fee and commission income caption in the income statement.

B- Monetary mutual fund of the bank (with daily accumulated return in LE.)

- It is an activity authorized for the Bank by virtue of Capital Market Law No. 95/1992 and its Executive Regulations.
The Fund is managed by EFG- Hermes Fund Management Company. The certificates of the fund reached 20 million certificates with an amount of LE. 200 million of which one million certificates were allocated to the Bank to undertake the fund's activity with an amount of LE 10 million.
- The Bank has purchased a number of 6 million certificates with an amount of LE 60 million, and their realizable value amounted to LE 69 million at the balance sheet date. The realizable value of the certificate at the balance sheet date amounted to LE 11. 475 and the certificates outstanding at that date reached 120 056 043 certificates.
- According to the fund's management contract and its prospectus, the Bank will obtain fee and commission for supervision on the fund and other managerial services rendered by the Bank. Total commission for the period amounted to LE. 2 172 730 were presented under the item of fee and commission income caption in the income statement.

35. Related party transactions

The Bank deals with its related parties on the same basis as with others. The nature of these transactions and its balances are represented on the balance sheet date in the following:

	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>LE.</u>	<u>LE.</u>
Due from banks	25 881 543	275 890
Investments in associates	15 022 900	15 022 900
Debit balances and other assets	13 200 000	13 200 000
Due to Banks	190 250 250	--
Customers' deposits	124 732	129 207

36. Corresponding figures

- Corresponding figures have been affected by the profit appropriation resolution as approved by Bank's ordinary general assembly held on 12 June 2007.
- Certain reclassifications have been made to the financial statements figures and notes thereto in order to conform with the current period presentation.