

ARAB AFRICAN INTERNATIONAL BANK
(EGYPTIAN JOINT STOCK COMPANY)
BALANCE SHEET
At 31 DECEMBER 2010

	<u>Note</u>	<u>31-Dec-2010</u>	<u>31-12-2009</u>
		<u>US\$ '000</u>	<u>Amended</u>
			<u>US\$ '000</u>
<u>Assets</u>			
Cash and due from Central Banks	(15)	700,031	763,956
Due from banks	(16)	1,725,985	1,246,858
Treasury bills	(17)	1,367,453	1,838,864
Trading investments	(18)	108,299	109,190
Loans to banks	(20)	4,070	4,059
Loans to customers	(21)	4,166,839	3,889,361
Financial Derivatives	(22)	971	168
<u>Financial Invesmtents:-</u>			
Available for sale investments	(19)	142,929	156,179
Held to maturity investments	(19)	138,919	153,339
Investments in subsidiaries and associates	(23)	23,664	7,508
Intangible assets	(27)	11,309	11,309
Debit balances and other assets	(24)	57,510	49,222
Deferred tax assets	(25)	9,238	8,225
Fixed assets (net of accumulated depreciation)	(26)	29,364	26,976
Total Assets		<u>8,486,581</u>	<u>8,265,214</u>
<u>Liabilities & shareholders' equity</u>			
<u>Liabilities</u>			
Due to banks	(28)	1,025,346	1,279,916
Customers' deposits	(29)	6,195,808	5,823,262
Financial Derivatives	(22)	1,003	287
Credit balances and other liabilities	(30)	147,078	136,092
Long Term Debt	(31)	86,134	91,151
Other provisions	(32)	20,567	20,932
Current income tax obligations		279	13,371
Retirement benefit obligations	(34)	13,725	12,200
Subordinated Deposits	(33)	300,000	300,000
Total Liabilities		<u>7,789,940</u>	<u>7,677,211</u>
<u>Shareholders' Equity</u>			
Paid-in capital	(35)	100,000	100,000
Reserves	(36)	99,313	83,573
Retained earnings	(36)	497,328	404,430
Total shareholders' equity		<u>696,641</u>	<u>588,003</u>
Total liabilities and shareholders' equity		<u>8,486,581</u>	<u>8,265,214</u>

* The accompanying notes from page (9) to (77) form an integral part of these financial statements and are to be read therewith .

Hassan Abdalla

Mahmoud Abd EL Khalek El Nouri

Vice Chairman & Managing Director

Chairman

Review report attached.
Date 6 March 2011

ARAB AFRICAN INTERNATIONAL BANK
(EGYPTIAN JOINT STOCK COMPANY)
INCOME STATEMENT
FOR THE YEAR END AS At 31 DECEMBER 2010

	<u>Note</u>	<u>31-12-2010</u>	<u>31-12-2009</u>
		<u>US\$ '000</u>	<u>Amended</u>
		<u>US\$ '000</u>	<u>US\$ '000</u>
Interest Income & Similar revenues	(6)	446,927	433,477
Deposits Expense & Similar costs	(6)	(273,780)	(253,445)
Net interest income		173,147	180,032
Fees & Commission income	(7)	65,864	69,893
Fees & Commission expenses	(7)	(2,249)	(2,252)
Net Fees & Commission income		63,615	67,641
Stock dividends	(8)	2,874	2,861
Net trading income	(9)	18,640	32,132
Impairment loss on loans an advances	(10)	(1,520)	(72,406)
Gain on financial investments	(19)	2,035	(261)
Administrative expenses	(11)	(84,868)	(70,385)
Other operating (expense) income	(12)	(6,681)	(8,285)
Profit before income tax		167,242	131,329
Income tax	(14)	(23,733)	(22,266)
Net profit for the year		143,509	109,063
Earnings per share (dollar / share)	(13)	7.17	5.44

* The accompanying notes from page (9) to (77) form an integral part of these financial statements and are to be read therewith .

ARAB AFRICAN INTERNATIONAL BANK
(EGYPTIAN JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Capital	Legal Reserve	General Reserve	Special Reserve	Capital Reserve	FMV for reserve for AFS Investment	Retained Earnings	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance as at 31 December 2008- as as previously reported	100,000	42,361	10,000	2,719	1,582	(4,654)	351,469	503,477
Accounting policies changes' effects (After Tax)	-	-	-	10,864	-	-	-	10,864
Balance as at 31 December 2008 as restated	100,000	42,361	10,000	13,583	1,582	(4,654)	351,469	514,341
Transferred to legal reserve	-	15,002	-	-	-	-	(15,002)	-
Dividends of the year ended 2008	-	-	-	-	-	-	(36,200)	(36,200)
Net Changes in FMV for Afs investments	-	-	-	-	-	5,699	-	5,699
Changes in employee benefits obligations	-	-	-	-	-	-	(4,900)	(4,900)
Net profit for the year ended 31 December 2009	-	-	-	-	-	-	109,063	109,063
Balance as at 31 Deacember 2009 as restated	100,000	57,363	10,000	13,583	1,582	1,045	404,430	588,003
Balance as at 31 December 2009- as as previously reported	100,000	57,363	10,000	2,719	1,582	1,045	439,472	612,181
Accounting policies changes' effects before 31 December 2008 (After Tax)	-	-	-	10,864	-	-	-	10,864
Accounting policies changes' effects during 2009 (After Tax)	-	-	-	-	-	-	(35,042)	(35,042)
Balance as at 31 December 2009 as restated	100,000	57,363	10,000	13,583	1,582	1,045	404,430	588,003
Transferred to legal reserve	-	14,411	-	-	-	-	(14,411)	-
Dividends of the year ended 2009	-	-	-	-	-	-	(36,200)	(36,200)
Balance as at 31 December 2009-After appropriation and restated	100,000	71,774	10,000	13,583	1,582	1,045	353,819	551,803
Net Changes in FMV for Afs investments	-	-	-	-	-	1,329	-	1,329
Net profit for the year ended 31 December 2010	-	-	-	-	-	-	143,509	143,509
Balance as at 31 Deacember 2010	100,000	71,774	10,000	13,583	1,582	2,374	497,328	696,641

* The accompanying notes from page (9) to (77) form an integral part of these financial statements and are to be read therewith .

ARAB AFRICAN INTERNATIONAL BANK
(EGYPTIAN JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR END AS At 31 DECEMBER 2010

	<u>Note</u>	<u>31-12-2010</u>	<u>31-12-2009</u>
		<u>US\$ '000</u>	<u>Amended</u>
		<u>US\$ '000</u>	<u>US\$ '000</u>
<u>Cash Flows from Operating Activities</u>			
Profit before income tax		167,242	131,329
<u>Adjustments to reconcile net profit to net cash provided from operating activities</u>			
Depreciation and Amortization		7,726	6,237
Impairment loss on loans an advances		1,520	72,406
Other Provisions		934	4,186
Impairment Losses (Recovery) in Financial Investments Available for Sale		413	(752)
Amounts used from provisions (other than loan loss & claims provisions)		(1,324)	(5,839)
Amounts used from provisions Retirement benefit obligations		(1,900)	-
Provisions Retirement benefit obligations		3,425	-
Translation differences on foreign currency of financial investments other than trading		7,853	(383)
Operating profit before changes in assets and liabilities provided from operating activities		185,889	207,184
<u>Net Decrease (Increase) in Assets and Liabilities</u>			
Deposits with banks		(483,647)	(314,456)
Treasury bills		455,633	(997,633)
Trading investments		891	(3,900)
Loans to customers and banks		(287,032)	605,820
Financial Derivatives (net)		(87)	(113)
Other assets		(11,638)	9,909
Due to banks		(254,570)	342,365
Customers' deposits		372,551	193,226
Credit balances and other liabilities		10,986	(58,959)
Income tax paid		(37,844)	(23,476)
Net cash flows used in operating activities	(1)	(48,868)	(40,033)
<u>Cash Flows from Investing Activities</u>			
Purchase Financial investments other than trading		(21,494)	(65,899)
Sale Financial investments other than trading		45,610	98,009
Investments in subsidiaries and associates		(16,156)	-
Payments to purchase fixed assets and branches' establishments		(7,115)	(6,393)
Net cash flows used in investing activities	(2)	845	25,717
<u>Cash Flows from Financing Activities</u>			
Cash dividends paid		(36,200)	(36,200)
Net cash flows used in financing activities	(3)	(36,200)	(36,200)
Net Decrease in cash and cash equivalents during the period	(1+2+3)	(84,223)	(50,516)
Cash and cash equivalents at the beginning of the period		872,236	922,752
Cash and cash equivalents at the end of the period		788,013	872,236
<u>Cash and cash equivalents are represented in:</u>			
Cash and due from Central Banks		700,031	763,956
Due from banks		1,725,985	1,246,858
Treasury bills		1,367,453	1,838,864
Deposits with banks		(1,700,274)	(1,216,627)
Treasury bills (matured over than three months)		(1,305,182)	(1,760,815)
Cash and cash equivalents at the end of the period	(2-17)	788,013	872,236

* The accompanying notes from page (7) to (75) form an integral part of these financial statements and are to be read therewith .