2011 Annual Report

As the World-Class
Egyptian Bank we are...

Banking on Egypt

Balance in Motion
(sculpture, 2011)
CIB permanent collection

    

What's changed in the 12 months since we last spoke? Everything — and nothing. Not the economic fundamentals that made Egypt one of the world's fastest-growing economies, nor the aspirations of more than 80 million citizens. New parents still need savings products to secure their families' futures. SMEs still need finance. Fresh grads still need investment solutions, and corporations still need world-class advisory. That's where CIB, the leading private-sector bank in the Arab world's largest nation, comes in. As we build this new Egyptian century, we're proud to be Banking on Egypt

On our cover

Balance in Motion - Amir Fikry

Despite the realistic approach in most details, the artist surprises with much exaggeration in the upper line of the bull's back, amplifying its height and circular lines, striking a balance between grace and motion.



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The CIB Permanent Collection

The artwork bringing to life our 2011 Annual Report is drawn from *Egypt: The Promise*, a commemorative book we published late last year to mark the start of our new partnership to promote the collection of Egyptian art in association with the Egyptian Ministry of Culture's Fine Arts Sector. All pieces in *Egypt: The Promise* and in this annual report are drawn from the 2011 Youth Salon, which took "Change" as its central theme. These pieces are the foundation of CIB's permanent art collection.

Mehana Yakout

(painting, 2011)

CIB permanent collection

What We Do

Banking on Industry

17%

Manufacturing accounted for nearly 17% of GDP in 2010-11. CIB is committed to helping Egyptian manufacturers of all sizes — who represent the most diverse industrial base in the MENA region — as they gear up to both penetrate export markets and serve the needs of more than 80 million citizens.

Commercial International Bank (CIB) is the leading private sector bank in Egypt, offering a broad range of financial products and services to its customers which include enterprises of all sizes, institutions, households and high-net-worth (HNW) individuals.

In addition to traditional asset and liability products, CIB offers wealth management, securitization, direct investment and treasury services, all delivered through client-centric teams.

The Bank also owns a number of subsidiaries, including CI Capital — which offers asset management, investment banking, brokerage and research services — Commercial International Life Insurance Company, the Falcon Group, Egypt Factors, and CORPLEASE.

CIB strives to provide clients with superior financial solutions to meet all of their financial needs. Management believes this enables the Group to maintain its leadership position in the market, while providing a stimulating work environment for staff and generating outstanding value for shareholders.

Our History

CIB was established in 1975 as Chase National Bank, a joint venture between Chase Manhattan and National Bank of Egypt (NBE). In 1987, Chase divested its ownership stake due to a shift in international strategy, and the stake was acquired by NBE, at which point the Bank adopted the name Commercial International Bank.

Over time, NBE decreased its participation in CIB, which eventually reached 19% in 2006, when a consortium led by Ripplewood Holdings acquired NBE's remaining stake. In July 2009, Actis, an emerging market private equity specialist, acquired 50% of the stake held by the Ripplewood Consortium. Five months later, Actis became the single largest shareholder in CIB with a 9.3% stake after Ripplewood sold its remaining share of 4.7% on the open market in December 2009. The emergence of Actis as the predominant shareholder signalled a successful transition in the Bank's strategic partnership.

A Snapshot Of Our Businesses

Corporate Banking
CIB is widely recognized as the best corporate bank in Egypt and is committed to being recognized as one of the best banks in the region, serving industry-leading corporate clients as well as small- and medium-sized businesses.

Debt Capital Markets
CIB's global product knowledge, local expertise and capital resources make the Bank an industry leader in project finance, syndicated loans and structured finance in Egypt. CIB's project finance and syndicated loans teams provide large borrowers with better market access and greater ease and speed of execution.

Consumer Banking
CIB registered considerable progress in 2011 as it continues to build a full-service, world-class consumer bank, as underscored by our ability to serve clients in a challenging environment last year. We offer a wide array of consumer banking products, including:

- Personal Loans focuses on employees of our corporate banking clients and offers fully-secured overdrafts and trade products.
- Auto Loans is positioned to actively support this growing market in the coming years.
- Deposit Accounts offers a wide range of account types to serve our clients' deposit and savings needs, including tailored accounts for minors, youth and senior citizens as well as certificates of deposit and care accounts. This is in addition to our standard range of current, savings and time deposit accounts.
- Residential Property Finance provides loans to finance home purchases, as well as residential construction, refurbishment and finishing.
- Credit and Debit Cards offers a broad range of credit, debit and prepaid cards.

Wealth Management
CIB offers a wide array of investment products and services to the largest base of affluent clients in Egypt.

Global Transactional Services (GTS)
The Global Transactional Services (GTS) Group serves as a key product group within CIB, and oversees the product areas of cash management, trade and global securities services.

Mid-Cap Banking
This Division caters to medium-sized companies, deploying a dedicated team of certified officers who are highly specialized in providing advice and assistance to entrepreneurial businesses. The Department's role is to help these businesses grow to become large corporations in the future.

Treasury and Capital Markets Services
CIB delivers high quality services in cash and liquidity management, capital markets, foreign exchange and derivatives.

Investment Banking Services
Through CI Capital, CIB offers existing and prospective clients a full suite of investment banking products and services, including investment banking advisory and execution, asset management, brokerage and equity research. CI Capital offers both deep and broad market knowledge and expertise; the firm is consistently ranked as a leading brokerage house serving local and international clients in Egypt.

Direct Investment
CIB actively participates in select direct investment opportunities in Egypt and across the region.

An abstract impression that nonetheless reminds us of traditional Egyptian sculpture. Texture weakens the surface direction, reaching a more vital appearance.

Mohamed Sabry Bastawy

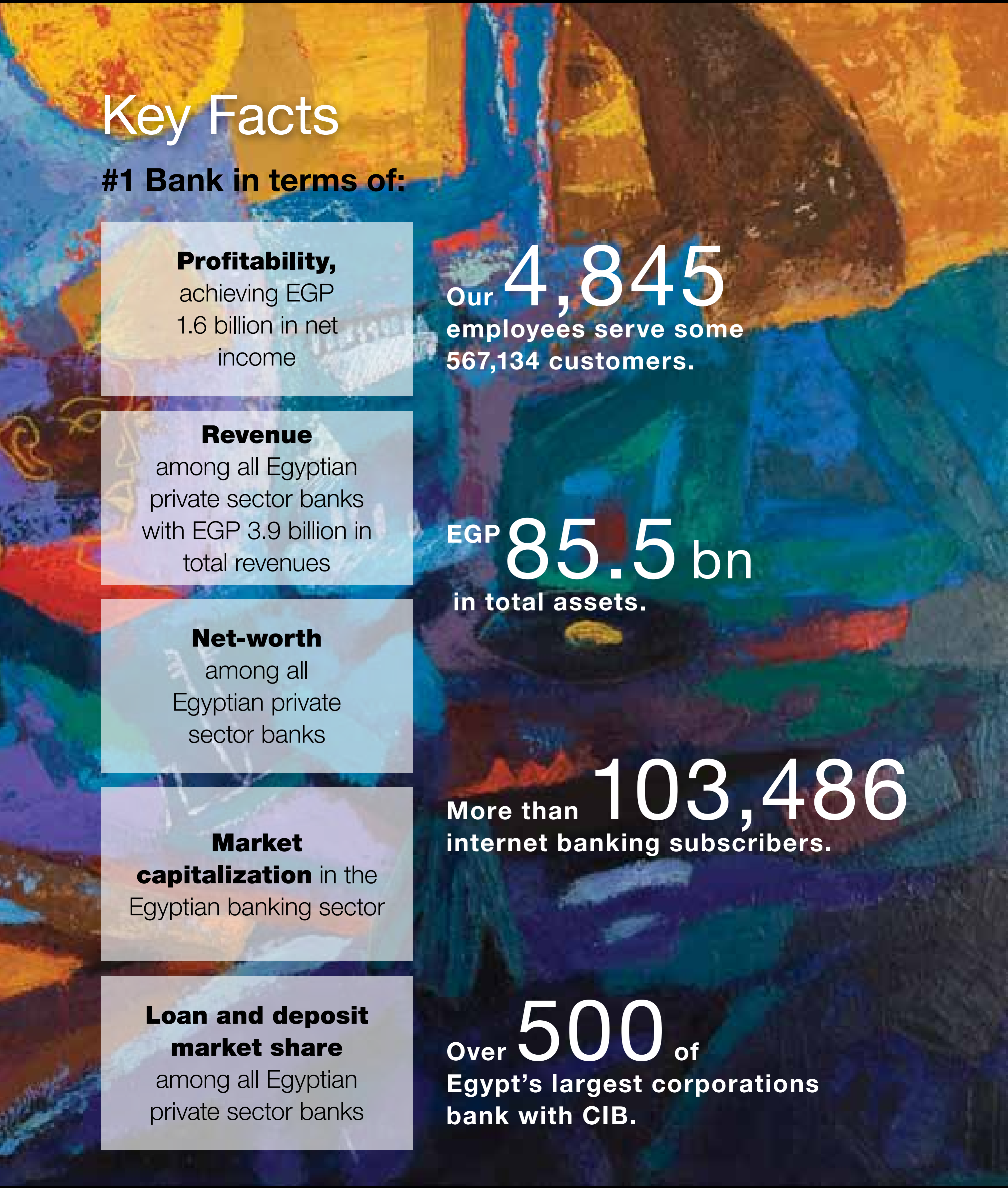
(sculpture, 2011)

CIB permanent collection

Key Financial Highlights

	FY 11 Consoli-dated	FY 10 Consoli-dated	FY 11	FY 10	FY 09	FY 08	FY 07	FY 06	FY 05
Common Share Information Per Share									
Earning Per Share (EPS) *			2.44	3.00	2.63	4.89	3.73	3.64	2.77
Dividends (DPS)			1.00	1.00	1.50	1.00	1.00	1.00	1.00
Book Value (BV/No of Share)			15.03	14.59	23.75	19.25	20.93	15.59	19.44
Share Price (EGP)**									
High			47.40	79.49	59.70	93.40	95.00	79.00	63.50
Low			18.50	33.75	29.50	27.87	53.61	42.11	39.91
Closing			18.70	47.40	54.68	37.20	91.77	57.87	58.68
Shares Outstanding (millions)			593.5	590.1	292.5	292.5	195	195	130
Market Capitalization (EGP millions)			11,098	27,973	15,994	10,881	17,895	11,285	7,628
Value Measures									
Price to Earnings Multiple (P/E)			7.7	15.8	20.8	7.6	24.6	15.9	21.2
Dividend Yield (based on closing share price)			5.35%	2.11%	2.74%	2.69%	1.09%	1.73%	2.6%
Dividend Payout Ratio			33.9%	27.6%	24.6%	18.1%	15.8%	27.5%	21.3%
Market Value to Book Value Ratio			1.24	3.25	2.30	1.93	4.39	3.71	3.02
Financial Results (EGP millions)									
Net Operating Income	3,934	3,952	3,837	3,727	3,173	3,200	2,288	1,741	1,450
Provision for Credit Losses - Specific	321	6	321	6	9	346	193	176	197
Provision for Credit Losses - General						49	57	18	167
Total Provisions	321	6	321	6	9	395	250	193	364
Non Interest Expense	1,557	1,562	1,337	1,188	1,041	950	636	668	474
Net Profits	1,615	2,021	1,749	2,141	1,784	1,615	1,233	802	610
Financial Measures									
Cost : Income	39.50%	39.52%	34.84%	31.87%	32.80%	29.69%	27.82%	38.38%	32.72%
Return on Average Common Equity (ROAE)	19.61%	28.66%	20.96%	30.47%	31.18%	36.31%	37.95%	31.58%	29.30%
Net Interest Margin (NII/average interest earning assets)			3.71%	3.62%	3.81%	3.54%	3.12%	3.06%	3.50%
Return on Average Assets (ROAA)	2.01%	2.89%	2.18%	3.08%	2.94%	3.08%	2.90%	2.37%	2.09%
Regular Workforce Headcount	4,867	4,755	4,517	4,360	4,162	3,809	3,132	2,477	2,301
Balance Sheet and Off Balance Sheet Information (EGP millions)									
Cash Resources and Securities (Non. Governmental)	18,990	16,325	19,821	16,854	16,125	14,473	21,573	13,061	10,537
Net Loans and Acceptances	41,065	35,175	41,065	35,175	27,443	26,330	20,479	17,465	14,039
Assets	85,534	75,425	85,628	75,093	64,063	57,128	47,664	37,422	30,390
Deposits	71,468	63,364	71,574	63,480	54,843	48,938	39,515	31,600	24,870
Common Shareholders Equity	8,740	8,567	8,921	8,609	6,946	5,631	4,081	3,040	2,527
Average Assets	80,480	69,840	80,361	69,578	60,595	52,396	42,543	33,906	29,183
Average Interest Earning Assets	70,913	62,007	70,549	61,624	53,431	44,602	36,603	29,277	25,619
Average Common Shareholders Equity	8,654	7,800	8,765	7,777	6,288	4,856	3,560	2,784	2,325
Balance Sheet Quality Measures									
Equity to Risk-Weighted Assets	15.79%	17.63%	16.11%	17.71%	17.01%	15.19%	13.70%	14.14%	13.83%
Risk-Weighted Assets (EGP billions)	55	49	55	49	41	37	30	26	22
Tier 1 Capital Ratio	12.53%	15.66%	12.53%	15.66%	15.28%	13.74%	10.17%	9.59%	9.78%
Adjusted Capital Adequacy Ratio	13.78%	16.92%	13.78%	16.92%	16.53%	14.99%	14.70%	13.60%	13.10%

* Based on net profit available to distribution (after deducting staff profit share and board bonus)
** Unadjusted to stock dividends



Key Facts

#1 Bank in terms of:

Profitability, achieving EGP 1.6 billion in net income

Revenue among all Egyptian private sector banks with EGP 3.9 billion in total revenues

Net-worth among all Egyptian private sector banks

Market capitalization in the Egyptian banking sector

Loan and deposit market share among all Egyptian private sector banks

Our 4,845 employees serve some 567,134 customers.

EGP 85.5 bn in total assets.

More than 103,486 internet banking subscribers.

Over 500 of Egypt's largest corporations bank with CIB.

The artist weaves contradicting color tones to create a surface alive with Ancient Egyptian symbols floating over color and textural tones suitable for a modern mural,
Sherine Abdel Hakim
(sculpture, 2011)

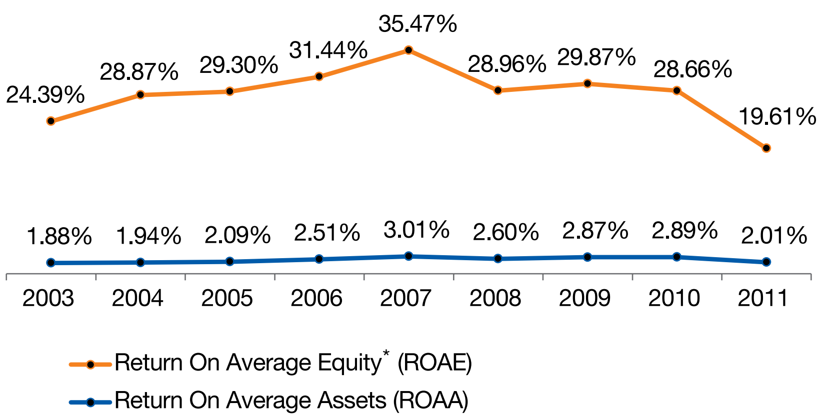
A Strategy that Delivers

Two pieces representing faces in profile, each giving a comprehensive expression despite the abstraction. [this page and facing page]
Tamer Ragab Moussa
(sculpture, 2011)
CIB permanent collection

CIB's outstanding performance during the turbulent times in 2011 reveals that at CIB, our customers are our top priority. Our continued success depends not only on our ability to satisfy their evolving needs, but also to have them served in prime time. CIB prides itself on its remarkable performance in standing hand-in-hand with our clients during these unstable times. Our unwavering client commitment is the basis upon which we will continue to provide our shareholders with consistent and high-quality returns.

We believe a key component of our success is our skillful staff. CIB's ability to offer employees an attractive work environment, myriad career opportunities and comprehensive training and feedback allows us to attract and retain the strongest banking professionals in Egypt. Our employees reciprocate with dedication to our customers, and the wider CIB community.

An Outstanding Track Record



* Equity excludes payouts except for 2011

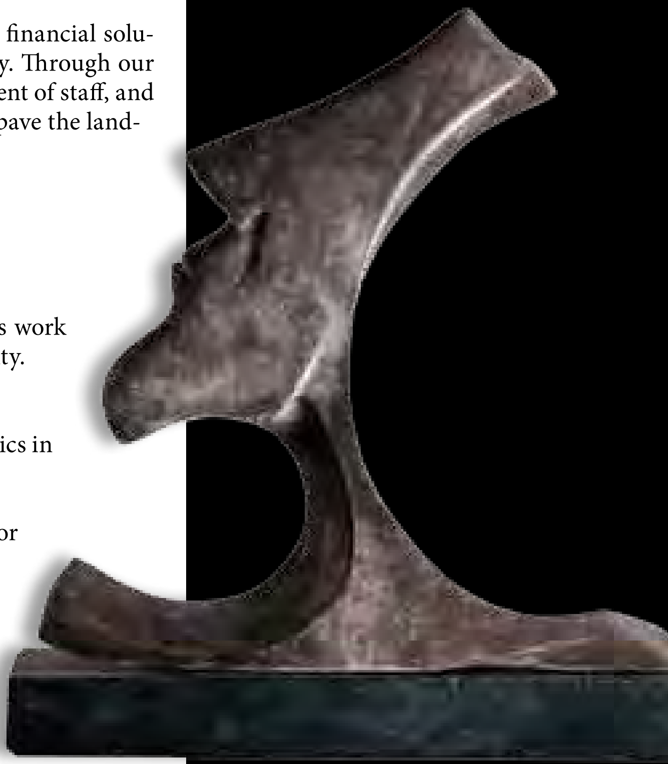
Our Vision
To be the leading and most trusted financial institution in Egypt, admired for our people, strong core values and performance (PSP).

Our Mission
To create outstanding stakeholder value by providing best-in-class financial solutions to the individuals and enterprises that drive Egypt's economy. Through our innovative products, focus on superior customer service, development of staff, and commitment to our community we will realize our ambitions and pave the landscape of banking in Egypt for years to come.

Our Objective
To grow and help others grow.

Our Values
A number of core values embody the way in which CIB employees work together to deliver effective results for our customers and community.

Integrity:
- Exemplify the highest standards of personal and professional ethics in all aspects of our business.
- Be honest and open at all times.
- Stand up for one's convictions as well as accept responsibility for one's own mistakes.
- Comply fully with the letter and spirit of the laws, rules and practices that govern CIB's business in Egypt and abroad.
- Say what we do and do what we say.



Tamer Ragab Moussa
(sculpture, 2011)
CIB permanent collection

Client Focus:
- Our clients are at the center of our activities and their satisfaction is our ultimate objective.
- Our success is dependent upon our ability to provide the best products and services to our clients; we are committed to helping our clients achieve their goals and be the best at what they do.

Innovation:
- Since our inception as the first joint venture bank in Egypt, CIB has been a pioneer in the financial services industry. We believe innovation is a core competitive advantage and promote it accordingly.
- We strive to lead the Egyptian financial services industry to a higher level of performance in serving the millions of Egyptians who remain underserved or unbanked.

Hard Work:
- Discipline and perseverance govern our actions so as to achieve outstanding results for our clients and outstanding returns for our stakeholders.
- Seeking service excellence guides our commitment to our clients.
- We work with our clients to reach their current goals while anticipating and planning for their future objectives.

Teamwork:
- We collaborate, listen and share information openly within CIB and with our partners, clients and shareholders.
- Each one of us consistently represents CIB's total corporate image.
- There is only one CIB in the eyes of our clients.
- We value and respect one another's cultural backgrounds and unique perspectives.

Respect to the Individual:
- We respect the individual whether an employee, a client, a shareholder or a member of the communities in which we live and operate.
- We treat one another with dignity and respect and take time to answer questions and respond to concerns.
- We firmly believe each individual must feel free to make suggestions and offer constructive criticism.
- CIB is a meritocracy, where all employees have equal opportunity for development and advancement based only on their merits.

Works based on the concept of a frame-within-a-frame, a form that has been revisited by artists in numerous cultural contexts starting with the Japanese, who often referred to it as "contradicting frame within frame". Such works integrate multiple frames – circular, oval, fan-like, double circular and zigzagged, among others.

Mostafa Mahmoud

(painting, 2011)

CIB permanent collection

Banking on Egypt, Banking on Creativity

Creativity in art brings our 2011 Annual Report to life, just as creativity allows builders, engineers, teachers, surgeons and journalists to tackle challenges large and small in their own domains. Creativity is also at the heart of an endeavor that has seen us transform CIB in less than a decade from a niche, corporate-focused bank into the nation's largest private-sector financial institution, helping individuals, small businesses and major corporations alike creatively mobilize the capital they need to grow.

The focus on more than 87 million people as Egypt's most precious resource underpinned our vision three years ago when we made the strategic decision not to expand regionally, but to become the dominant player in Egypt. Yes, our nation enjoys proximity to major global markets. Yes, we have natural resources. But primarily, we have people.

We are fully aware of the challenges the Bank will face in choosing to prioritize growth in Egypt in the coming period. Turbulence will be a natural part of our landscape in the short-to-medium term, before we start reaping the "change dividend" inherent in more transparency, stability and better accountability. Part of that turbulence will be a nation learning to live with "the other" — another viewpoint, another vision for economic growth, a religion or political outlook that is not one's own. This is natural and healthy, and we must at every turn remember that everyone — Islamist and secularist, activist and military leader — is doing what he or she thinks is best for the nation we share.

Looking ahead, we see that tolerance of "the other" will steadily build in 2012, particularly as domestic and international investors alike — who have been resting on the sidelines — rejoin the economy once the much-anticipated mid-year presidential elections are concluded.

As these investors re-join the business of building tomorrow's economy, they will find that the rules of the game are very much changed: We will be taking steps toward the building of a meritocracy. Slowly, to be certain, but steadily. It will no longer be "Who you know" that powers the growth of our businesses, but "What you know" — a development that is already giving the advantage to those who prize creativity in their people and in the products and services they bring to the market.

Indeed, the successful conclusion of the presidential elections will put in place the final pillar in a set of circumstances that should give business leaders of all forms the comfort they need to subscribe to a long-term outlook. This will, in effect, mean that the second half of 2012 will make a major new kickoff for the national economy.

The Revolution has changed nothing — and everything. It has not made us any further from key global export markets. It has not un-done preferential trade agreements. It has not diminished our natural resource wealth, nor has it made our workers less interested in earning skilled employment. It has not tarnished the Red Sea shores enjoyed by millions, nor has it dented the appeal of our home-grown brands. Our base of critical national infrastructure has not been spirited to Mars.

What the change has done is empower people — to have a political voice, to be more creative in their work and in their thinking. It has redefined the word "accountability" into our national dictionary. Today, we know that whoever becomes president, whoever forms government or enjoys a Parliamentary majority, will be held accountable for how they manage our economy.

So, too, will business be held accountable: For creating jobs. For respecting the law, honoring their obligations, protecting the environment, eliminating corruption and playing its natural, creative role in building the economy of tomorrow. As millions of individuals across the workforce yoke creativity

to hard work, Egypt will become one of the world's top 30 economies by 2050. Where we once celebrated 6% economic growth, we can in the years ahead target 10% and 12%.

This is the scenario upon which we have built our plan for the coming five years, and we have spent the last three years preparing for it.

In this respect, the first year of the Egyptian Revolution was an acid test of our people and systems — of the ability of the Bank's dedicated staff to be both disciplined and creative.

As the Revolution unfolded, our staff rose to the occasion. They paid salaries on 1 February 2011 — and worked night and day to make certain our corporate clients had the resources they needed to pay their staffs, too. Our staff safeguarded branches — even branches near their homes to which they were not assigned. As we prepared to formally reopen, they worked around the clock to make certain that our systems were up, that our locations were secure, and that the few branches damaged at the height of civil unrest were brought back into service as quickly as humanly possible.

It was not easy. As those of you who lived through January and early February 2011 know, we had no phones, no email, nothing. But we managed not just to keep the ship afloat, but to hold daily management meetings and to ensure — from the bottom up, each day — that our staff was safe and sound.

We had prepared plans in 2010 regarding staff development last year. It would have been tempting, in light of the trauma we had just been through, to postpone implementation to a "better" year. To have done so would have been a failure — a failure of leadership and a failure of creativity. We forged ahead with the extension of healthcare benefits to the families of all employees, with new training and development programs, with the adjustment of take-home salaries so that all staff were more secure, with an employee engagement survey that won an outstanding participation rate — and which provided a blueprint for further staff development initiatives in 2011 and into 2012.

The result? Our staff today is more creative, more loyal and more challenge-oriented than that of any other bank in our nation. The quality of the employment applications we receive every day proves the market understands this.

One of the beautiful things about a service sector such as ours is that you can have literally all the equity in the world, yet have nothing without the best people. Immodestly, we believe we have the best people in our business, and they will be those driving our business in the coming 24 months as we ride out the turbulence and position ourselves to deliver innovative new products.

As we move ahead with our plans, we will reap the fruits of our focus and preparations of the year just past. We will continue to be receptive to change to adapt to our environment and to stand by our clients. Accordingly, I would like to invite you, my fellow stakeholder, to join us on our journey during 2012, a journey that promises to be filled with creativity and the discovery of our true mettle. As we work together to craft the next chapter of CIB's story, our goal is clear: To have a lasting and constructive impact on the future of our nation. ■

Mohamed Mahmoud
(sculpture, 2011)

The first year of the Egyptian Revolution was an acid test of our people and systems — of the ability of the Bank's dedicated staff to be both disciplined and creative.

Rising to the Challenge

A mythical creature recalling Pegasus and a seated Ancient Egyptian restores an old legend in a more modern form
Salah Shaaban
(sculpture, 2011)
CIB permanent collection

In light of the events that our country has gone through, it would have been tempting to consider 2011 a lost year. That, however, would be a mistake. We cannot ignore the fact that the political and economical landscapes of Egypt have changed. There would be two possible scenarios of reaction that CIB could have taken: To take to the sidelines and wait for clarity; or to realize that with change comes opportunities and focus our efforts to being receptive to this change. We chose the latter. We chose to grow; we chose to focus on the bigger picture, to be innovative, to think outside the box and continue to be the leading bank in Egypt.

We at CIB value the culture of adaptability that we have built over the last decade. This is not the first time that either the country or the Bank has faced challenges. It is how we face these challenges that make CIB stand out. We decided in February 2011 to focus on running our business, to stand by our clients, to ensure that our focus was not diverted, to find the opportunities available and make full use of them. It is with immense pride that we present to you our Board of Directors Report detailing how we managed to work through the unusual circumstances and come out yet again even stronger.

2011 Macroeconomic Overview

The first 60 days post-Revolution were the most challenging in every aspect, owing to the significant disruption of core economic activity. Nationwide demonstrations, labor action and a security vacuum (in addition to the curfew in effect for a time) all led to significant slowdowns in major sectors of the economy and, accordingly, in the banking sector.

Real GDP contracted 4.3% in the period January-March 2011, with tourism hardest hit. Tourism is a vital contributor to GDP and a top earner of foreign currency that generated an average of USD 10.3 billion annually in the past four state fiscal years spanning 2006-07 through 2009-10 while contributing c.3.6% of total GDP. Most estimates suggest tourism directly employs c.10-12% of the labor force and indirectly accounts for c.20-25% of employment. Activity in the sector bottomed out in February 2011 with 211,000 arrivals, the lowest level since November 2001. Moreover, hotel occupancy rates were below 5% during the Revolution and experienced a prolonged delay in recovery, with numbers beginning to pick up only in March.

As have most emerging markets, Egypt has been characterized by chronic inflation, hovering around the 12.6% level in the past four state fiscal years. In the period 2006-07 through 2009-10, Egypt recorded average annual imports of EGP 313.9 billion. Headline inflation peaked at 12.08% in April 2011 on the back of weakening economic activity and rising food prices largely attributed to distribution bottlenecks created by civil protests.

The country recorded a significant drop in net international reserves as a result of political tensions and economic pressure. Net outflows saw a nearly 48% decline in foreign reserves in the period January-December 2011, closing the year at USD 18 billion.

Against this backdrop, the Egyptian Stock Exchange (EGX) has witnessed rollercoaster-like climbs and falls since its reopening after a 24-day closure during the Revolution. Trade volumes remained depressed throughout the year and share prices suffered from lack of confidence on the part of investors, who largely opted to take a "wait and see" approach. These factors saw a seesawing benchmark index close the year down 37.57% from its March re-opening.

That said, we see encouraging early signs of stability now returning. The Egyptian economy delivered real GDP growth of 1.82% for the fiscal year 2010-11. Suez Canal activity was not disturbed during the unrest and rose 11.9% on a full-year basis to USD 5.1 billion. In August, the gradual return of security saw an increase in tourism. By December 2011, occupancy rates had recovered significantly in key destinations including Hurghada and Sharm El-Sheikh, for example.

The Central Bank of Egypt (CBE) played a decisive role in crisis management. The CBE's announcements during the Revolution underscored confidence in the sector's liquidity with the system-wide ratio of loans to deposits coming in at 49.1%. This ratio makes the Egyptian banking sector one of the most liquid in the Middle East and North Africa (MENA) region and allowed it to absorb liquidity shocks.

Furthermore, the CBE announced that it guaranteed depositors' money in banks. This official declaration mitigated panic that could have resulted in a significant run on deposits. With clear directives from the CBE throughout the 15 days during which the banks were closed, the reopening process was organized and smooth. Due to security issues, the CBE coordinated with the Egyptian Army on having cash transported to feed ATMs. Banks took a measured approach to re-opening, with some branches open for limited working hours at first. These actions helped prevent banknote shortages and avoided a deposit run that some had expected to occur at re-opening.

Also noteworthy were CBE directives that saw the nation's banks extend a three-month grace period to support individual clients as well as institutions. The containment of inflation at 9.07% and the maintenance of dollarization rates within an expected range were additional evidence of strong CBE management of the sector.

2011 Highlights

CIB's management and staff worked around the clock through the Revolution and the period running up to and including the re-opening of the banking sector to safeguard the interests of our clients and shareholders. In everything we did, our emphasis was on protecting the Bank's leading position as we looked to draw on our strong operational and financial performance in 2010.

Banking on Tourism

10%

The tourism industry directly employs 10-12% of all Egyptian workers and is a top earner of foreign currency. From cash management solutions to factoring, high-quality advisory to financing of working capital needs, CIB helps fuel the growth of this vital sector.

2011 SAW CIB CAPTURE NEW MARKET SHARE OF LOANS AND DEPOSITS WHILE PRESERVING ASSET QUALITY, CLOSING THE FIRST YEAR OF THE REVOLUTION WITH THE LOWEST RATIO OF NPLs TO GROSS LOANS AMONG ITS PEER GROUP AND MAINTAINING A HEALTHY LDR OF 60.0%.

The pillars on which we focused in the year just-ended included:

Prudent Risk Management

The Bank is known for its conservative approach to risk management. Building on this track record, CIB took provisions of EGP 321 million for the full year. The Bank's world-class risk management framework is reflected in its best-in-sector asset quality and a high-class corporate loan book.

Preservation of Asset Quality

CIB maintained the stability of its asset quality with no significant deterioration despite prevailing circumstances thanks to its effective credit culture and stringent risk assessment measures. Having the lowest ratio of NPLs to gross loans among its peer group, CIB reported a 2.81% NPL ratio in 2011, the result of a growth strategy that was underpinned by an emphasis on maintaining quality standards.

Improved Market Shares

Our customers' trust in our robust deposit structure — as well as the Bank's ability to fulfill their lending needs — saw CIB gain market share of both deposits and loans. CIB's market share of deposits grew to 7.23% as of November 2011, up from 6.70% in January 2011 on the back of 12.8% growth in deposits YoY. Meanwhile, CIB's market share of lending rose to 8.66% as of November 2011, up from 8.01% in the beginning of the year.

Healthy LDR

Despite prevailing economic conditions, CIB maintained a healthy LDR ratio of 60.0%. The Bank is proud to have attracted 25% of all new deposits in the system in the first nine months of 2011. High levels of market intelligence, expertise and knowledge of market needs are cornerstones of our Asset and Liability Management (ALM) Group. Having attracted such deposit inflows without significant increases to our cost of funding is a testament to the trust the market has in CIB as an institution. Having utilized excess liquidity to increase our returns through loans and sovereign notes without affecting the Bank's asset quality was, management believes, an important accomplishment.

Consumer Banking Take-Off

The events of 25 January were the ultimate stress test of a consumer banking strategy that was both customer-focused and driven by unrivaled insights into the dynamics of the local market. The Bank expects growth from consumer banking to be substantially higher and has positioned itself to grow this untapped segment. CIB is working to expand its product offering as well as bridge client needs and our skills. Despite challenging conditions in 2011, the Bank recorded 32% growth in its Consumer Assets book with no significant deterioration in credit quality.

The Employer of Choice

CIB has been working in recent years to build a corporate culture that is receptive to change. The foundation of this effort has been nurturing employee talent through significant investments in training and development programs.

In 2011, CIB continued providing superior benefits to its employees, building on the name "Employer of Choice in the Banking Sector" which it had earned in 2010 from AC Neilson. CIB prides itself on having been considered the "Ivy League banking school" of the Middle East for decades. Notable programs in this respect include the Bank's Corporate Credit Training Program, which has become a key competitive advantage. The Bank has also launched a Consumer Leadership Training Program aiming to build the technical skills of our employees as we strive to become the leading consumer bank in Egypt.

The recently launched Management Associate Development Program (MADP) was designed especially for employees with high potential. The program exposes staff to the organization's various departments as a first step in building their careers as they set off to become future leaders of the Bank. Also launched in 2011 was the Leadership and Development Program (LAMP) for 50 senior managers, aiming to develop their management skills and ensure that their leadership capabilities are constantly upgraded. Managers are divided into groups and given specific topics on which they must design a strategy and formulate implementation plans. The program enhances cooperation across the organization and works in parallel with MADP to develop managers' expertise.

Through the Employee Stock Ownership Plan (ESOP), the Bank grants up to 1% of the Bank's outstanding shares to top performers across the organization.

We believe our competitive position depends substantially on our ability to continue attracting, motivating and retaining first-class caliber employees.

In a step to bring CIB's compensation structure in line with its peer group in the sector, the Bank decided in 2011 to ensure a unified fixed compensation base across the different job families. Moreover, the Bank's medical system coverage was extended to include the spouses and children of staff within its continuously upgraded Human Capital Strategy.

Innovative Financial Solutions

CIB is constantly developing its product range with primary objective being a "one-stop-shop" able to fulfill all of our clients' financial needs as they arise. CIB has been the bank of choice for over 500 of Egypt's prime corporations throughout its history and is determined to extend the same leadership to the retail and mid-cap segments, where the Bank now has a special focus.

In this respect, CIB aims not just to be the best provider of conventional banking services to corporate clients, but also to retail customers and mid-cap companies in Egypt. This has resulted in a sustained effort to improve the quality and breadth of products and services, which would allow the Bank to penetrate new segments.

Our unrivaled market expertise and longstanding relationships on the institutional side of business ensure mutually beneficial outcomes for clients and the Bank alike. CIB undertook a number of initiatives in 2011 to better address its clients' financial needs and maintain its competitive edge as part of its strategy to retain its position as the leading bank in Egypt.

For example, the Global Transaction Services (GTS) Division launched a new trade module (named "CIB Trade Online"), which allows clients to perform all of their trade transactions through a web-based portal. CIB Trade Online not only provides greater transparency and visibility into trade transactions, but also saves time and money through ease of access, streamlined processing, and the elimination of paperwork.

Also last year, the Bank rolled out its personalized Relationship Manager model to allow the Bank to keep close contact with clients, understand their needs and offer creative and timely solutions.

On the consumer banking side, CIB had completed an integrated and structured program to put in place all the building blocks of a world-class consumer franchise. The launch of high-quality services was accordingly a priority in 2011, which witnessed the full-force launch of CIB Business Banking, a constellation of services that address the financial needs of small and medium enterprises that was originally presented to the market in 2010.

CIB Business Banking Services provides companies with the opportunity to conduct a wide range of financial services including money transfers, online transactions, trade financing, electronic payroll and overdraft with reduced time, effort and fees. Building on the concept of partnership, CIB Business Banking provides clients with professional financial solutions through dedicated relationship managers.

Moreover, CIB engineered in 2011 several creative liability and mutual fund products for the market including our "CD El Kheir," which is focused on philanthropic-minded customers who wish to donate the returns of their CDs to charity along with Thabat, a fixed-income mutual fund product.

Safeguarding the Interests of Shareholders

CIB maintained a proactive investor relations program throughout 2011 to keep shareholders abreast of developments on the ground that could have had an impact on the Bank's performance. Alongside the Investor Relations Team, senior management invested significant time in one-on-one meetings, road shows, investor conferences, conference calls and a pro-active stream of disclosures while simultaneously ensuring analysts had the information they needed to maintain balanced coverage of the Bank's shares.

Operations Platform with International Standards

The COO Area played a leading role in maintaining stability in the Bank's operations and financial position through the turmoil of 2011. This extended from special emphasis on cost optimization covering all vendor contracts and a notable emphasis on reducing use of consumables to eliminate both cost and waste. As noted above, the Group also took significant steps on the human resources front to enhance the quality of professional

Recalling Giacometti's extremely thin figures, the artist maintains the ratio/mass law, making this freedom accepted and adding dramatic beauty.

Maged Mikhael
(sculpture, 2011)

CIB MAINTAINED ITS DRIVE FOR LEADERSHIP OF THE CONSUMER BANKING SEGMENT IN 2011, HAVING WORKED IN RECENT YEARS TO SET THE STAGE FOR THE LAUNCH OF A WORLD-CLASS CONSUMER BANKING FRANCHISE.

services within the Bank, including reviews of key policies for staff, review of compensation and benefits, training programs for staff, and continuous upgrading of performance management within the organization.

Awards and Recognition

Extending its traditional leadership in the international awards arena, CIB won 17 awards and designations in 2011 from six international institutions. These included three exceptional awards from Global Finance, including 'Best Bank in Egypt' for the fifteenth time, 'Best Sub Custodian Bank' for the third consecutive year, and 'Best Trade Finance Provider', the fifth such win in CIB's history. In addition, CIB earned five accolades from EMEA Finance in 2011, including 'Best Local Bank' for the fourth consecutive year. Moreover, the Banker named CIB 'Bank of the Year' for the third time.

These awards came in recognition of the Bank's leadership of the Egyptian banking sector, underpinned by the institution's deep understanding of its customers' needs as well as the variables in the local and international markets. The Bank was also singled out for its adherence to rational credit principles and commitment to strict policies and risk management standards.

Noteworthy in this respect was the Bank's having captured c.25% of all new deposits in the Egyptian banking system in the first nine months of 2011. This reflects both the trust customers have in CIB's performance as the Bank continued to lead the Egyptian institutional banking market and positioned itself as the future leader in the retail banking and SME sectors.

2011 Financial Position

CIB recorded total consolidated revenues of EGP 3,934 million in FY'2011, a figure on par with the previous year.

From an operational point of view, CIB's core business remains both safe and sound. Net interest income rose 19% YoY while net income from fees and commissions showed a slight decline of 1%, suggesting that a full market recovery is almost complete.

Also, on a consolidated basis, the Bank recorded net profits after tax of EGP 1,615 million in 2011, a decline of only 20% compared to 2010. With the economic downturn affecting capital market activities in 2011 and leading companies adopting cash-preservation strategies, our dividend income was shortened by EGP 104 million, resulting in a decline of almost 63% on the back of the companies' decisions to retain their earnings.

In addition, capital gains from the sale of investments (Available for Sale and Held to Maturity Portfolios as well as Investments in Associates) fell 80% to EGP 39 million in 2011 from EGP 203 million the previous year. In a strategic decision, management opted not to sell investments at current market prices and, instead, hold them until prices reflect true values. More to the point, as a preemptive measure the Bank took EGP 321 million in provisions for 2011, compared with just EGP 6 million in 2010.

If we thus set aside the impact of EGP 583 million noted above, the Bank would have reported an impressive 10% growth in bottom line despite prevailing economic conditions.

Despite ongoing market challenges, CIB's gross loan growth stood at 16.93% at year end, the bulk of which was on the back of LCY working capital facilities.

Worth noting in this respect, more than 50% of loan growth reported on a full-year basis was achieved in Q4'2011 alone, confirming that economic activity and confidence are improving.

Meanwhile, CIB's conservative risk management culture enabled the Bank to maintain its asset quality, with no observable deterioration. The Bank's NPL-to-gross loans ratio remained below the 3% level, closing the year at 2.81% in December 2011. The decrease in NPLs from 2.93% in Q3'2011 is a true testament to the health and asset quality of the loan portfolio. This translates into CIB holding the best ratio in its peer group even after a slight increase to 2.73% from a year earlier.

For FY'2011, the Bank recorded a Return on Average Equity (ROAE) of 19.61% and a Return on Average Assets (ROAA) of 2.01%.

Notably, CIB's consolidated cost-to-income ratio continued to decline from Q1'2011 of 44.50% to reach 39.50% in December 2011, same level of December 2010, reflecting Management's strategic focus to keep the ratio below 40%.

On a standalone basis, net interest margin (NIM) continued its upward trajectory to reach a healthy 3.71% in 2011, up from 3.62% in December 2010. This rise was due to both an increase in T-

Bill rates (which prices-in gradually over time) and a focus on Egyptian pound lending versus FCY.

Appropriation of Income

The Board of Directors has proposed the distribution of a dividend per share of EGP 1.0. In addition, CIB is increasing its Legal Reserve by EGP 87.3 million, to reach EGP 318.6 million, and its General Reserve by EGP 743.0 million, to reach EGP 1,977.2 million, thus reinforcing the Bank's solid financial position as evidenced by a Capital Adequacy Ratio of 13.78% and an Adjusted CAR (including profits attributable to shareholders) reaching 15.39%.

2011 Activities

CIB's primary objective is to enhance value for both customers and shareholders. This underpinned the Bank's strategy and tactical implementation in a challenging 2011.

With CIB's continued eagerness to fully comply with the Central Bank of Egypt's directives on Corporate Governance — and in keeping with international best practices — the Bank engaged Mr. Hisham Ramez Abdel Hafez as CIB's new Vice-Chairman and Managing Director. This move segregates the roles of the Chairman and the Chief Executive Officer.

Accordingly, Mr. Hussein Abaza (who held responsibility as CEO Institutional Banking in 2011), Mr. Mohamed El Toukhy (CEO Consumer Banking) and Mr. Omar Khan (who held responsibility as Chief Operating Officer) now report to Mr. Ramez, creating space for Mr. Hisham Ezz El Arab to focus more on the Bank's strategic direction.

Institutional Banking Activities

CIB prides itself on being the traditional Institutional Banking market leader in Egypt. This segment is the backbone of the organization and the prime contributor to its profitability. CIB's leadership depends on the Bank's reputation and the quality of products and services it offers to its clients.

The Bank is well-regarded for its conservative credit culture, which backed management's prudent decision to take EGP 321 million in provisions for 2011. As a direct outgrowth of CIB's risk management principles, management lowered its appetite for certain sectors viewed as high-risk, a development that cushioned performance amid the year's turbulence.

Despite the impact of domestic and international turbulence on business confidence and foreign currency inflows, Institutional Banking grew its portfolio by 12.06% in 2011. CIB continued to pursue mid-cap growth opportunities in the belief that this segment is the cradle of future business players in the market. Our efforts to uphold our leading position in IB are derived from our relentless focus on this wide segment.

Also in 2011, IB put into practice several key internal organizational changes to create synergies. Notable in this respect is that the Treasury and Capital Markets Group now includes Asset and Liability Management under its umbrella. This allowed the Bank to maintain its liquidity through turbulent times, a task that fell to a dedicated group of market professionals who provide clients with unique, world-class services.

Consumer Banking Activities

CIB maintained its drive for leadership of the consumer banking segment in 2011, having worked in recent years to set the stage for the launch of a world-class consumer banking franchise. The year 2011 saw rising profitability, the roll-out of new products, and the leveraging of longstanding corporate relationships across the Consumer Division of our business.

The Bank's reputation for prudence and innovation saw it earn considerable new clients, backed by:

- The launch of innovative new products in 2011 to energize our Customer Liability building capabilities, including the first-in-market "Double Up" Saving Account as well as "CD El Kheir," the first CD product aimed at encouraging benevolence through the donation of proceeds to charitable organizations of the customers' choice.
- Catering to high-net-worth individuals (Wealth customers), the unique "Wealth Step Up" Saving Account launched last year to deliver personalized products and services tailored specifically to the specific needs, goals and lifestyles of Wealth-segment clients.
- In the cards business, CIB took a commanding lead as the number-one provider in the POS segment, becoming the largest POS acquirer in Egypt after just four years from its entry into this field.

- CIB grew its Personal Loans portfolio by over 52% in 2011. The strong performance of the Bank's branches in the months following the Revolution inspired market confidence in the CIB brand.
- The year just ended also saw the aggressive pursuit of market share in the payroll program for companies. This program intends to acquire new customers to widen the client base and diversify customer segmentation.
- Egypt witnessed unfortunate episodes of vandalism and looting during the security vacuum in the early days of the Revolution. The bulk of the damage to CIB assets was limited to three branches and was largely confined to some furniture, computers, facades, and ATMs, while our vaults and their contents were unharmed. Except for the Bank's branch in Arcadia Mall, the damages were minor.
- The damaged branches and ATMs were renovated in a speedy fashion to continue meeting the daily needs of our clients in challenging times.
- During 2011, CIB opened four branches to bring its network to total of 154 branches and units within its strategy of physical expansion to better serve its growing retail base.

Synergy Realization

CIB's businesses provided integrated and diversified products and services through its affiliation with CI Capital and its subsidiaries, which hold numerous opportunities for CIB and will accelerate our ability to increase product penetration with the aim of generating incremental value through cross-selling.

Notably, CI Capital Investment Banking is the only local investment bank in Egypt that has the benefit of the full backing of a large commercial bank's balance sheet. Also, CI Asset Management (CIAM) is considered the leading private institutional asset management firm in the Egyptian market. In addition, CI Capital Brokerage business managed to enhance its market share despite harsh market retrenchment and turbulence where they continue to be ranked second among all investment banks' brokerage business in Egypt with a market share of 7.1% YTD December 2011.

Corporate Social Responsibility

Our commitment to the country in which we live and operate is an integral part of our business culture. It has been always among CIB's top priorities and responsibilities to contribute to our country's prosperity and welfare. At CIB, we are immensely proud of supporting Egypt during the recent turbulence and are proud of the wide impact our investment of time, effort and resources has had on our community.

2011 Social Development

CIB has been — throughout its history — concerned with developing all aspects of society that will ultimately lead to the betterment of our community. These aspects include Human, Child, Health and Economic development.

Arising from the Bank's strong belief in the importance of education in shaping the future, CIB has been engaged in several educational programs which aim to build tomorrow's national leaders. Sponsoring programs including Students In Free Enterprise (SIFE) and the Harvard Arab Weekend will improve Egypt's future by creating new core leaders.

The Bank is also honored to have supported local artists over the years within its CSR focus on the promotion of arts and culture. In an exceptional year, CIB introduced the artistic work of Egypt's future artists, all of whom were inspired by the immense changes they witnessed. Replete with creative endeavors in a variety of media, CIB proudly sponsored *Egypt: The Promise*, a book in which it compiled the work of 79 talented artists, all below the age of 35. A number of works of art in this book bring to life the annual report you are now reading.

This commitment to our community extended to our product lineup in 2011 with the launch of "CD El Kheir" to facilitate donations to charity organizations through the Bank. As part of its ongoing charitable responsibility, CIB has moreover expanded its Fundraising Services to more than 30 NGOs with the aim of providing them with financial services that will enable them to support those in need.

Furthermore, CIB has been proactive in supporting Egypt's economy as it took part in the "Buy Egyptian" initiative in Q4'2011. The Bank offered a 50% price cut on fees and commissions for LCs and ODCs in an attempt to support the export of Egyptian products. In addition, and to encourage the purchase of Egyptian products, the Bank offered discounts for clients when using credit cards.

With the intention to further enhance the community health, CIB has a regular Blood Donation program to help grow the nation's blood supply. This program had a crucial role in overcoming the blood shortage that was present during 2011.

CIB Foundation

As an expression of its firm commitment to improving the quality of children's health, the CIB Foundation continued to extend its support to numerous organizations throughout 2011 with a particular focus on health and nutrition.

In January 2011, the CIB Foundation donated EGP 2 million to the Children's Cancer Hospital 57357, which has been used for general operational purposes. This donation is part of a five-year partnership that began in 2009 and which sees the hospital receive EGP 2 million in funding per year.

In addition, the same month saw the second tranche payment of EGP 1.4 million to the Faculty of Oral and Dental Medicine at Cairo University, a donation equal to that made in 2010 for the purchase of all 56 dental units for the Faculty's Pediatric Ward. With the 2011 donation, the Ward underwent major renovations and opened its doors to the public on 5 December 2011, treating c.2,700 patients a month at zero cost.

The Magdi Yacoub Heart Foundation has been a long-standing partner of both CIB and the CIB Foundation. In January 2011, a protocol of cooperation was signed between the two foundations which would see the development and outfitting of a Pediatric Intensive Care Unit (PICU) in Building 2 of the Aswan Heart Centre. The new EGP 13 million PICU will provide state-of-the-art postoperative care to neonates, infants and children ranging in age from newborn to 16 years free of charge. The CIB Foundation's donation will cover the costs associated with the Unit's medical and non-medical equipment. The Foundation will also have exclusive naming rights to the Unit. The PICU opened its doors in February 2012. In addition, the Foundation allocated EGP 3 million to the Magdi Yacoub Heart Foundation to cover the costs associated with 50 children's open heart surgeries.

In a continuation of the over EGP 6 million protocol of cooperation signed in November 2010 between the CIB Foundation and the Friends of Abou El Reesh Children's Hospitals Organization, the second tranche of the donation, amounting to EGP 3,119,750, was transferred in May 2011. The Foundation's donation was used to develop a ten-bed intensive care unit (ICU) at the Abou El Reesh El Mounira Children's Hospital. The PICU opened its doors in February 2012.

This was not the sole donation to the Friends of Abou El Reesh Children's Hospitals Organization in 2011: The Foundation also supported El Mounira Hospital's blood clinic with EGP 800,000 used to upgrade the roughly 700-square-meter blood clinic. The donation included beds and chairs for blood transfusions, providing additional computers to the clinic to develop an electronic patient database, and supporting blood donation campaigns to offset the current short supply of blood across Egypt. Also, the restructuring of the clinic will streamline movement in order to prevent overcrowding and provide adequate waiting area space for family members.

The CIB Foundation funded the outfitting of the Premature Pediatric Intensive Care Unit at Mahmoud Hospital through the Mahmoud Mosque Organization. This organization provides subsidized services to at least half of its patients and often fully funds patients through the Mosque's zakka board. Donating EGP 554,250 to purchase five incubators, five heart monitors, five infusion pumps, and one ventilator allowed the staff to increase their operational capacity to 100% from 80%. Moreover, the donation allowed for an enhanced quality of care provided.

The CIB Foundation is proud to partner with Rotary Kasr El Nile on the Children's Right to Sight (CRTS) program. The Foundation has committed EGP 1,500,000 to support 1,000 children and infants requiring immediate eye surgery through this program. Through partnerships with the Dar El Oyoun Hospital in Mohandiseen and Eye Care Hospital in Maadi, the CRTS team will oversee 1,000 cataract and glaucoma operations on children from low socio-economic levels.

One of the major projects of the Gozour Foundation is conducting eye exam caravans, in collaboration with Maghrabi Hospital, that provide disadvantaged children (5-12 years old) enrolled at public schools in poor rural and urban areas in Egypt with free eye-care services. The CIB Foundation's donation of EGP 180,000 in December 2011 will cover the costs associated with six one-day

TWO WORKS IN BLACK AND WHITE SERVE AS SOCIAL SYMBOLS OF MODERN LIFE'S QUEST TO REGAIN HUMANITY AMID THREAT AND CONSTANT SURVEILLANCE.

HADY MOSTAFA BORAI

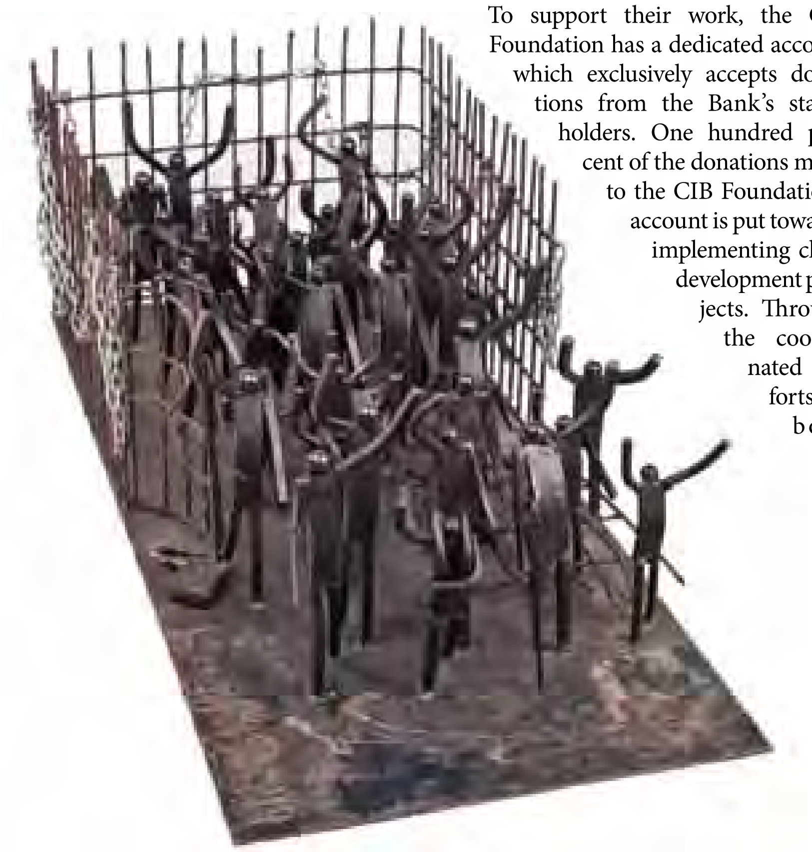
(DRAWING, 2011)

CIB PERMANENT COLLECTION

CHARACTERS BREAK LOOSE OF CHAINS AND BURST OUT OF GATES IN A DIRECT THEATRICAL COMPOSITION, A NOD TO THE REVOLUTION.

HALIM KHALIL MOAWAD

(SCULPTURE, 2011)



eye exam caravans where a total of 2,700 children will receive free eye exams and care by the end of the project. These caravans are designed to provide public school students with eye exams, glasses frames and lenses, eye medication, and further investigations in private hospitals for complex cases. The project also presented a great volunteer opportunity for members of the CIB family to engage with the local community and spend quality time with the less privileged.

The CIB Foundation strongly believes in ensuring the sustainability of its projects. Notable in that context is that the CIB Foundation donated EGP 1 million to the Yahiya Arafa Children's Charity Foundation in December 2011 for the upkeep of the three pediatric units at the Ain Shams University Hospital. The Yahiya Arafa Foundation is a long-standing partner of the CIB Foundation and has been instrumental in purchasing high-end equipment as well as training nurses and doctors working in the units. The Foundation believes that supporting the Yahiya Arafa Foundation in its operations will ensure the smooth running of the previously supported units as the donation will be used to cover human resources, equipment maintenance, operating costs, and academic research.

To support their work, the CIB Foundation has a dedicated account which exclusively accepts donations from the Bank's stakeholders. One hundred percent of the donations made to the CIB Foundation's account is put towards implementing child development projects. Through the coordinated efforts of both Foundation staff and dedicated CIB volunteers, the Foundation ensures its resources are spent efficiently and reach the greatest number of beneficiaries.

Corporate Governance

CIB's commitment to maintaining the highest standards of corporate governance is supported by several achievements, including:

1. Segregation of Executive Management and Board of Directors roles.
2. Formation of a highly skilled Investor Relations Team.
3. Establishment of internal policies and manuals covering all business aspects, for example: credit and investment, operational procedures, staff hiring and promotion.
4. Formation of Board sub-committees: Audit Committee, Corporate Governance and Compensation Committee, Risk Committee, Management Committee, High Lending and Investment Committee.

The Board and its committees are governed by well-defined charters and are tasked with assisting directors in fulfilling their responsibilities and obligations with respect to their decision-making roles.

CIB's Board consists of nine members, seven of which are Non-Executive members with a range of industry expertise. CIB's Board met seven times over the course of 2011. In the event of a vacant Board seat, the Compensation and Governance Committee is responsible for nominating a new member. Among its defined set of responsibilities, CIB's Board constantly monitors the Bank's adherence to well-defined, stringently enforced, fully transparent corporate governance standards. The Board fulfills its commitment in the following manner:

- Ensures that Board Members have a clear understanding of their roles in corporate governance. Annually reviews the size and overall composition of the Board and ensures it respects its independence criteria.
- Through its Governance and Compensation Committee, the Board ensures that an appropriate review and selection process for new nominees to the Board is in place.
- Establishes the strategic objectives and ethical standards that will direct the ongoing activities of the Bank, taking into account the interests of all stakeholders.
- Establishes an internal control envi-

ronment which comprises systems, policies, procedures and processes that are in compliance with the regulatory requirements. These control measures safeguard bank assets and limit or control risks as the Board, management and other employees work to achieve the Bank's objectives.

- Ensures that senior management implements policies to identify, prevent or manage, and disclose potential conflicts of interest. Oversees the performance of the Bank, its Managing Director, Chief Executive Officers and senior management to ensure that the affairs of the Bank are conducted in an ethical and moral manner and in consistency with Board policies.
- Reviews and approves material related to disclosure and transparency documents as may be required in conformity with the regulatory requirements or as determined by the Board from time to time.
- Oversees a code of business conduct for the Bank that governs the behavior of directors, officers and employees through an independent Compliance function reporting directly to the Audit Committee. The code sets CIBs core values as Integrity, Client Focus, Innovation, Hard Work, and Respect for the Individual. These values encompass CIB's commitment to create a culture that adopts ethical business practices, good corporate citizenship, and an equal and fair working environment. At the same time, it encourages a culture of transparency and encourages a whistle-blowing environment and provides protection to the whistle-blower.

The Central Bank of Egypt's auditors and controllers conduct regular audit missions and review reports submitted to them periodically. During CBE audit missions, CIB's management ensures that the auditors are provided with all necessary documents to fully observe their selected audit universe. CIB's Internal Audit team closely follows up Bank's management in taking all corrective measures with regards to CBE's comments.

It is worth mentioning that a high level of compliance was revealed when a comparison with the new CBE guidelines of Corporate Governance for Egyptian Banks (issued in August 2011) was conducted. ■

Key Figures from 2011

I. Balance Sheet (in EGP billions):

a. CIB Stand-Alone

	Balance as of 31/12/2011	Balance as of 31/12/2010	% Change
Total Assets	85.7	75.1	14.1%
Contingent Liabilities and Commitments	12.6	11.9	5.9 %
Loans and Advances to Banks and Customers	41.1	35.2	16.8%
Investments	17.0	16.4	3.7%
Treasury Bills and Other Governmental Notes	9.3	8.9	4.5%
Due to Customers	71.6	63.5	12.8 %
Other Provisions	0.3	0.3	0.0%
Total Equity	9.0	8.7	3.4%

b. Consolidated CIB and CI-CH

	Balance as of 31/12/2011	Balance as of 31/12/2010	% Change
Total Assets	85.5	75.4	13.4%
Contingent Liabilities and Commitments	12.6	11.9	5.9%
Loans and Advances to Banks and Customers	39.8	35.2	13.1%
Investments	16.2	15.6	3.8%
Treasury Bills and Other Governmental Notes	9.3	8.8	5.7%
Due to Customers	71.5	63.4	12.8%
Other Provisions	0.3	0.3	0.0%
Total Equity	8.7	8.6	1.2%

II. Income Statement (in EGP millions):

a. CIB Stand-alone

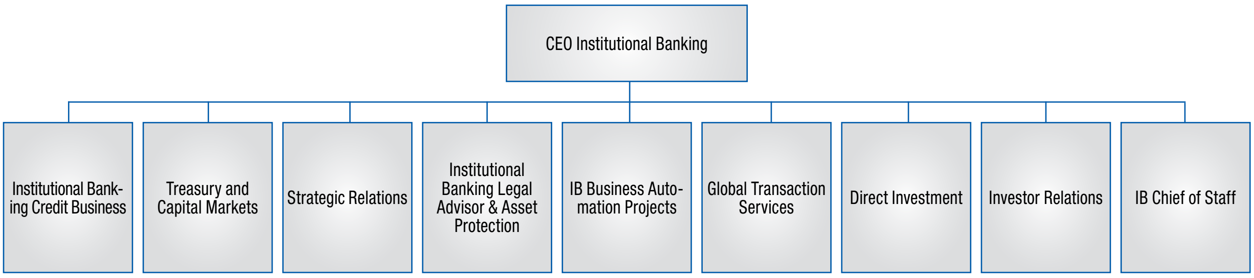
	Jan.1, 2011 to Dec.31, 2011	Jan.1, 2010 to Dec.31, 2010	% Change
Interest and Similar Income	5,460	4,522	20.7%
Interest and Similar Expense	(2,781)	(2,267)	22.7%
Net Income from Fee and Commission	779	751	3.7%
Net Profit After Tax	1,749	2,142	-18.3%

b. Consolidated CIB and CI-CH

	Jan.1, 2011 to Dec.31, 2011	Jan.1, 2010 to Dec.31, 2010	% Change
Interest and Similar Income	5,471	4,525	20.9%
Interest and Similar Expense	(2,781)	(2,268)	22.6%
Net Income from Fee and Commission	843	854	-1.3%
Net Profit After Tax	1,614	2,022	-20.2%
Net Profit After Tax and Minority Interest	1,615	2,021	-20.1%

Sherouk Eid
(graphic, 2011)

Institutional Banking



Corporate Banking Group

Known across the Egyptian market for its strong credit culture, the Corporate Banking Group is the Bank's financing and underwriting arm and provides best-in-class structures and advisory services, calling on its extensive expertise in a broad range of economic sectors while promoting products and services catering to high-quality customers.

The Group's foremost goal is to advance the nation's economic development. Accordingly, it is committed to closely monitoring the performance of projects and economic entities to ensure their viability. The Group believes that economic viability on the micro level is certain to contribute to — and promote — macroeconomic welfare. The Corporate Banking Group's mission is to enhance its position as a top corporate and structured finance bank in the Egyptian market, with strong emphasis on the quality of our loan portfolio and maximizing shareholder value.

The Corporate Banking Group's competitive advantages include:

- Strong corporate business model.
- Highly experienced staff reinforced by continuous training to keep pace with latest industry and technical know-how.
- Strong customer base with a healthy and diversified portfolio that is well-positioned in primary growth industries including power, building materials, petrochemicals, infrastructure, oil and gas, food, tourism, real estate, shipping and ports.
- Ability to provide a wide and innovative array of financing schemes.

2011 Performance

- Gained additional market share in contingent and auxiliary business: 9.91% in June 2011, up from 9.29% at the end of 2010.
- Efficiently managed loan portfolio, resulting in growth of 11% by year-end despite a contracting market.
- Maintained confidence of corporate depositors, with a 2% rise in corporate deposits by year's end.
- Achieved remarkable growth in contingent business, which closed 2011 up 29% despite tough market conditions.
- Originated innovative structures aiming at maximizing customers satisfaction, including:
  - Corporate desks to serve key customers in key geographic areas.
  - Online trade and cash products.
  - Creation of the middle office unit.

In 2012, CIB's Corporate Banking Group will focus on and pursue the following objectives:

- Improve the corporate share of wallet through the optimum utilization of approved limits while capturing potential buyout and restructuring opportunities.
- Focus on incremental contingent business via multiple distribution channels.
- Introduce new debt instruments.
- Increased emphasis on short-term facilities (LCY lending and contingent business).
- Enhancing middle office unit through better utilization and marketing (hubs trade online and cash online) as well as distribution channels.
- Further drive inter-group synergies and cross-sell in partnership with sister companies, Global Customer Relations and Debt Capital Markets functions.

Debt Capital Markets Division

The Debt Capital Markets Division has an unprecedented track record and unparalleled experience in underwriting, structuring and arranging large-scale project finance, syndicated loan, bond issue and securitization transactions, all supported by a dedicated agency desk.

Amid the turbulence witnessed across the market in 2011, the Debt Capital Markets team contributed the execution of deals worth an aggregate EGP 10 billion, primarily in power, commercial real estate, petrochemicals and telecommunications. Building on its reputation for excellence in the field of structuring and arranging deals, CIB played key roles as initial mandated lead arranger, agent, security agent and / or book runner in the majority of these transactions.

The Debt Capital Markets team also continues to play a unique role in the local market by structuring and placing complex securitization structures. In 2011, the Division structured and placed one of the only two local securitization deals for non-bank financial institutions in the market, with an issue size of EGP 538 million, while working on two other mandated transactions worth a combine EGP 700 million and expected to close early in 2012.

In recognition of its key roles in prime project finance deals, CIB won two prestigious EMEA Finance Deal of the Year awards in 2011. These included Best Project Finance Deal in Africa for Egyptian Refining Company, where CIB acted as onshore account bank, Egyptian security agent and Egyptian pathfinder, as well as Best Natural Resources Deal in Africa for Egyptian Hydrocarbons Company , where the Bank acted as initial mandated lead arranger, facility agent and account bank.

CIB was also awarded EMEA Finance's Best Securitization Deal in 2010 (an award issued in 2011) by EMEA Finance for CORPLEASE's EGP 538 million receivables securitization transaction.

As an ongoing strategy Debt Capital Markets aims to:

- Continue playing a vital role in economic development by mobilizing funds for large ticket project finance deals and syndication transactions.
- Position itself to raise the required debt to fund Egypt's substantial infrastructure and power investments whether implemented by public sector companies or via IPP, or PPP program.
- Introduce new financial tools to lead the development of capital markets in Egypt.
- Continue to support client needs for diversified funding sources through innovation in asset backed securities.

Mid-Cap Group

The Mid-Cap Group caters to the financing needs of mid-sized companies with annual sales figures between EGP 50 and EGP 150 million and strong growth

Banking on Exports

21%

CIB offers an innovative suite of online applications (including CIB Trade Online and dedicated Trade Hubs) alongside responsive in-person solutions to help exporters of all sizes grow their businesses. Together, exporters account for nearly 21% of Egypt's total gross domestic product.

Banking on Small Business

80%

Small and medium-sized enterprises account for more than 80% of economic activity in Egypt and create more than 85% of all jobs. CIB is committed to supporting the SMEs that are building new Egypt through the innovative products and services delivered by our Business Banking proposition.

potential. The Group's highly trained officers seek to instill an understanding of corporate governance in their customers and encourage the application of high reporting standards and fiduciary protocols.

By virtue of its mandate, the Mid-Cap Group has a wide development role, given the Egyptian economy's reliance on medium sized enterprises. As such it is considered a cradle for future business players in the market.

2011 Performance:

- Continued focus on providing guidance to pave the way to convert our clients into larger corporate customers with strong growth potential.
- Attracted and retained a significant number of new clients.
- Aggressive growth resulting in the doubling of the overall lending portfolio.

The Mid-Cap Group's strategy for 2012 and beyond:

- Attracting high-quality, new-to-bank customers. We will help them grow their businesses and institutionalize their performance.
- CIB Mid-Cap aims to be recognized as a market leader in mid-cap banking, providing advisory / financial solutions tailored to customers' needs.

Financial Institutions Group

The Financial Institutions Group provides a variety of quality products and services through four divisions: Correspondent Banking Division (CBD), Non-Banking Financial Institutions Division (NBFI), Finance Programs and International Donor Funds Division (FP & IDFD), and Structured Trade Finance Division (STFD).

Correspondent Banking Division

CBD is the point of contact for local and foreign banks working with CIB. The Division is responsible for securing outgoing business for CIB, monitoring and directing business to banks as well as attracting trade business and handling related negotiations. Moreover, the Division assists in marketing and cross-selling CIB's products and acts as a liaison for solving problems (if any) between banks worldwide and CIB's departments to facilitate and improve workflow.

2011 Performance:

- Despite facing a very difficult operating environment locally, regionally

and globally in 2011, CBD grew its contingent business 7.6% on the full year by establishing new correspondent banking relationships with banks worldwide, entering new markets and strengthening existing relationships.
- CBD also established a dedicated Trade-Products desk to focus on specialized trade finance services including forfeiting, trade refinancing and risk participations.

Going forward, the Correspondent Banking Division targets support of trade finance product activity.

Non-Banking Financial Institutions Division (NBFI)

NBFI is a Credit Lending Division under the Financial Institutions Group. It provides services, products and credit facilities to all types of non-bank financial institutions. The main sectors targeted include leasing, insurance, brokerage, mortgage, lending against shares, car finance, factoring and investment companies.

2011 Performance:
- NBFI granted total loans of EGP 210 million in 2011, accompanied by a 71% growth in investments despite the current market conditions. Meanwhile, NBFI deposits increased by 31% over budget.

In 2012 and beyond, NBFI will expand its share of leasing, brokerage and insurance company business.

Finance Programs & International Donor Funds Division (FP & IDFD)

Finance Programs and International Donor Funds is a unique division within the Bank that handles development funds and finance programs and manages CIB's microfinance portfolio. The Division is also engaged in environmental friendly projects designed for the preservation of natural resources.

The Division's products include an agency function that sees it provide services including tailored operational mechanisms and prudential investment fund promotion. It holds a participation function and, on the micro financing side, supervises a strategy that saw the Bank penetrate the microfinance market with an indirect approach through lending to an NGO. CIB's direct microfinance portfolio reached c.69,000 beneficiaries with total disbursed amount of EGP 525 million by end of 2011.

2011 Performance:
- As an APEX bank, FP & IDFD supplied the market with approximately EGP 2.7 billion through a network of 11 participating banks.
- Under the participation function, FP & IDFD provided CIB customers with concessional fund amounting to EGP 83 million in the year ending December 2011.
- Regarding the microfinance function, CSR, FP & IDFD introduced microfinance wholesale through approving the first loan amounting EGP 10 million for an NGO in Upper Egypt. The Division has disbursed through a service company c.118, 000 microfinance loans with an average outstanding portfolio of EGP 76.5 million partially financed by the Spanish government with an EGP equivalent of USD 599,000.

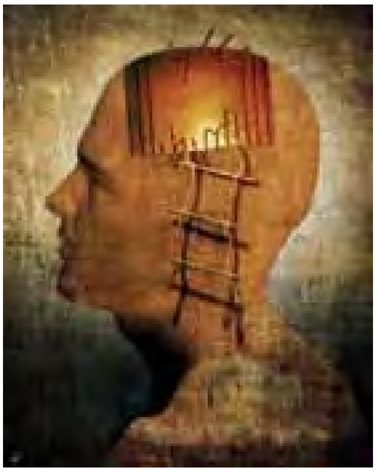
Going forward, FP & IDFD will maintain its position as the nation's top Apex Bank and will maximize its market share of microfinance by focusing on the microfinance wholesale lending (through MFIs, banks, companies, and NGOs).

Structured Trade Finance Division (STFD)

Structured Trade Finance offers trade finance solutions that focus on the transaction itself (and not on traditional balance-sheet financing) by covering the closed cycle of trade. This wide range of services and non-conventional trade finance solutions is provided by a dedicated team, with a deep understanding of customers' business needs.

CIB's diverse approach to trade finance, whether in terms of tailor-made products and solutions or in terms of handling traditional trade finance, led CIB to win the "Best Trade Finance Provider" award by Global Finance for the last five consecutive years, indicating that CIB is the preferred trade finance bank for top-tier corporate and institutional clients.

2011 Performance:
- STFD penetrated new markets in trade including power and agri-business.



Marwa Abdel Fatah
(computer graphic, 2011)
CIB permanent collection

Two panels in black and white with intermediate grades of color formed through overlapping lines, dots, rectangles and triangles in the engraving process.
Bassem Abd El Gelil
(graphic, 2011)

The Division's portfolio grew c.20% while profitability more than tripled against budget.

- STFD enhanced CIB's position as a leader in providing trade finance solutions to top-tier corporate and institutional clients.

Going forward, STFD will aim to capture new trade finance business through tailored facilities capitalizing on synergy and cross-selling with other departments as well as on the Egyptian trade bill.

Direct Investment Group

DIG is the investment arm of CIB, introducing equity finance as an additional solution to existing / potential clients. DIG's main focus is to identify, evaluate, acquire, monitor, administer and exit minority equity investments in privately owned companies that possess commercial value for CIB.

Invested funds are sourced from CIB's own balance sheet. The investment process is governed by a clear and strict set of parameters and guidelines.

Our primary objectives enclose generating attractive risk-adjusted financial returns for the Bank through dividend income and capital appreciation, as well as enabling CIB to offer a broader spectrum of funding alternatives to support client growth.

We commit to excellence by adopting industry best practices and creating a "win-win" situation for all stakeholders. This is supported by our unique value proposition and wealth of experienced human capital.

2011 Performance

The year just-ended was very challenging on the investment front. Political unrest and economic instability directly affected the overall investment environment, prompting DIG to weather the storm by:

- Focusing on granting maximum support to existing portfolio companies so as to minimize the impact of economic conditions and accordingly preserve portfolio value.
- In light of a solid portfolio quality, DIG continued its healthy contribution to CIB's bottom line profitability, mainly through dividend income.
- Leveraging a detailed marketing and deal sourcing strategy, DIG has developed a robust deal pipeline for 2012.

Going forward, DIG will continue providing support to existing portfolio companies. Despite the prevailing investment climate, DIG remains positive on the longer-term outlook given Egypt's solid macro fundamentals. Accordingly, DIG will pursue growth in defensive sectors showing relative resilience to economic turbulence.

Strategic Relations Group

SRG is a small "focus group" of professionals dedicated to providing personalized quality service to CIB's prime institutional depositors. This function is unique to CIB and is unrivaled amongst its peers in the local banking arena.

SRG focuses on a market segment that includes over 70 strategic entities including the world's leading donor and development agencies as well as the vast majority of their sovereign diplomatic missions. SRG works to build and sustain a substantial portion of CIB's funding base while providing each client with innovative tailor-made services that suit the unique nature of their various business and operational needs.

CIB remains committed to fostering these relationships by continuing to render support to and sponsorship of the SRG, to ensure client satisfaction as well as shareholder value.

Moreover, and during 2011, CIB sponsored projects in conjunction with select clients to underscore its commitment to corporate social responsibility. An outstanding example was the establishment of the Italian Library in the Faculty of Languages (El-Alsson) at Ain Shams University.

Treasury and Capital Markets

CIB's TCM Department is a top profit center for the Bank, providing clients with a wide range of products and services. The Department deals primarily with large corporate clients and mid-cap companies as well as high-net-worth individuals. TCM also deals with businesses that are connected to CIB branches as well as with financial institutions including funds, insurance companies and others.

TCM provides products including foreign exchange and money market trading activities, primary and secondary government debt trading, management of interest rate gaps (with associated hedging), and pricing of foreign and local currency deposits.

Foreign exchange and interest rate products are used by our customers for both investment and hedging. Our wide range of products covers direct forwards and simple / plain vanilla options, in addition to a wide array of options structures such as premium embedded options, participating forwards, zero-cost cylinders, boosted call / put spread, interest rate swaps, interest rate caps / floors / structured products.

The team provides the Bank's clients with an incomparable quality of service around the clock including Fridays and holidays with daily market commentary, weekly technical analysis and an SMS service that presents rates of our main currencies. TCM promptly accommodates customer requests to help clients avoid market fluctuations.

2011 Performance

Throughout 2011, the Department introduced a new front office system to enhance its technology aspect, which increases efficiency, analysis of per client deal volumes and finally deal information transformation between CIB departments.

Asset and Liability Management

ALM, as part of the Treasury Group, is responsible for the management of liquidity and interest rate risk with external and internal parameters while complying with the CBE regulatory ratios and guidelines. The section also sets pricing of deposits and loans and manages the proprietary book. ALM's objectives by priority are liquidity, profitability and product development.

2011 Performance

Despite market conditions prevailing post-Revolution — and international market volatility — ALM preserved sound liquidity management through its proactive strategy, which has been demonstrated by healthy regulatory ratios as well as internal and Basel III measures. ALM actively encouraged and participated in aggressive deposit gathering that resulted in the growth of the Bank's total deposits base. This is in addition to the growth in the loans portfolio witnessed in the year ending 2011. Moreover, interest rate management has been prudent through effective duration management, as underscored by enhanced net interest income and net interest margin.

Looking forward to 2012, local and global economic turbulence are expected to continue in the near term. Accordingly, ALM's strategic initiatives will continue to include maintaining prudent sound liquidity and interest rate management through diversifying funding options and investments and assisting in the introduction of new products. Further initiatives will include enhancing the performance and capital management framework of the Bank.

Global Transaction Services

An accelerated pace of technological change is significantly impacting the way business is conducted. By adopting new technologies, many businesses are looking to streamline and automate key processes and functions, resulting in improved controls and decreased internal costs.

The GTS Group within CIB has been formed to ensure that the ever-changing technological demands of our clients are addressed. Accordingly, the Group has a mandate to introduce new channels and products to the Bank's clients.

GTS serves as a key product group within the Bank and oversees the products areas (and associated delivery channels) for trade finance, cash management and payments, and global securities services.

The Group's primary objective is to provide transparency, efficiency and value-added services to CIB's business clients by offering a comprehensive range of transactional banking products and services with a key focus on superior customer service and efficient transaction processing capabilities. This objective includes not only the enhancement of existing products or the development of new ones, but also focuses on the delivery channels through which these products are offered and serviced.

GTS is responsible for the product management, development and support associated with the three key businesses:

Trade Finance

CIB is a market-leading and award-winning trade finance institution and provides both standardized trade service products (LCs, LGs, IDCs, etc), as well as non-conventional trade finance solutions, including forfeiting and structured trade finance. In addition, CIB offers a range of channels through which

Global Transaction Servcices product launches in 2011 included Trade Online, Dedicated Trade Hubs, CIB Cash online and CIB eACH, a first-of-its-kind web-enabled payables product in the Egyptian market.

clients can submit applications and associated documents, including an innovative online trade channel called CIB Trade Online.

Cash Management & Payments

CIB is a provider of both standardized and tailored cash management products and solutions that improve the management of incoming and outgoing payments, streamline reconciliation and information management, and enhance working capital efficiency. The product offering includes a number of innovative payments and payables products, collection and receivables products, and standard and tailored information reporting delivered via a variety of channels including a new online banking channel, called CIB Cash Online.

Global Securities Services (GSS)

CIB GSS is a market-leading and award-winning custodian bank and offers a broad range of custody and securities products and services to institutions, individuals and government entities. CIB is the sole sub-custodian for all Egyptian Depository Receipt programs and the leading provider of trustee services in the market. The offering includes local and international custody services, local sub-custody services for GDR programs and trustee services for securitization transactions.

2011 Performance

Launch of CIB Trade Online

CIB Trade Online is CIB's market leading online trade channel. The team spent 2011 analyzing the needs and requirements of CIB's clients and reached two key conclusions: Clients are seeking more efficient ways to initiate their trade finance transactions and want faster turn-around times. CIB Trade Online addresses both of these requirements by allowing clients to submit all their trade finance transactions through a fully secured online channel which is seamlessly integrated with CIB's trade operations for immediate execution.

Introduction of Dedicated Trade Hubs

CIB's dedicated Trade Hubs are trade finance centers of excellence in select zones for clients not interested in using an online channel and preferring to use branches for their primary dealings with the Bank. These dedicated Trade Hubs are specifically designed to provide accelerated turn-around times on trade finance transactions and to ensure a high level of service by well-trained trade specialists.

Launch of CIB Cash Online

CIB Cash Online is the Bank's new online banking channel, offering customers a robust and comprehensive online view into all their banking activities while also providing a channel to transact and communicate securely with the Bank.

Launch of CIB eACH

CIB eACH is a market-leading payment product and the first of its kind in the Egyptian marketplace. A web-enabled payables product, eACH allows clients to efficiently and automatically issue ACH payments (local EGP denominated electronic payments) through a secure online channel.

Maintained Custody Market Leadership

Maintained market leading custody position and increased CIB's market share from 32% at the end of 2010 to 40% as of December 2011.

Prestigious Awards

CIB was once again declared "Best Trade Finance Bank in Egypt" by Global Finance; the Global Securities Service was also once more named "Best Sub Custodian in Egypt" by the same publication.

Institutional Banking Legal Advisor & Asset Protection Group

In May 2006, the Institutional Banking Legal Advisor Department was launched with the purpose of having in-house legal counsel to provide targeted legal advice for local and cross-border transactions with a high level of professional legal service.

The function serves all the Institutional Banking Department and other CIB subsidiaries and deals directly with local and international law firms with regard to any technical or complex legal issues.

The Institutional Banking Legal Advisor Department provides the business area with support on escrow agreements, medium-term loan agreements, syndicated loans, project finance transactions and the conduction of legal due diligence. The function also has a significant role in furnishing the business area with the required legal opinion for any spe-

Mohammed Banawey
(sculpture, 2011)
CIB permanent collection

cialized case without resorting to outsider legal counsel.

Having the aim of managing the completion of documentation of Corporate Banking Group clients (CBG I & CBG II) as well as ensuring that all documents for corporate clients are valid and enforceable to protect the Bank's rights, the Asset Protection Group was established in 2003 and was associated with the Institutional Banking Legal Advisor Group in 2007 while retaining its own separate workflow procedures.

Since the association, the Asset Protection has successfully expanded its scope of work to include Suez Canal Zone corporate documentation in 2008, Alexandria and Delta Zone in 2009 and finally a new division was established in 2010 responsible for handling Mid-Cap documentation.

2011 Performance

- Generated a gross income to the Bank in addition to legal fees through legal advisory services & escrow agreements.
- Contributed effectively and professionally in finalizing the closure of several major transactions.
- Effectively handled critical cases relating to CI Capital Group.
- Handled most major international contracts relating to Institutional Banking customers.
- Safeguarded CIB's portfolio during the Revolution and ensuing wave of labor action and civil disobedience by monitoring and speeding up renewal of insurance policies favoring the Bank prior to expiry dates. The function also assisted with rigid control measures implemented to manage documentation more smoothly and efficiently.
- Implemented the most effective technical tools needed for the documentation cycle.
- Effectively absorbed an increase in the number of credit-customer accounts (new-to-bank-credit commitments) received by Asset Protection, while a more systematic work-flow was implemented.

Global Customer Relations

The Global Customer Relations (GCR) Group is a relationship management function serving the needs of select CIB clients. GCR rolled out in 2011 the Bank's vision of becoming a one-stop shop for financial solutions rather than serving as an in-market provider of products. GCR's emphasis in the year just-ended was accordingly on the application of this philosophy to relationships with exiting clients and new clients alike.

Despite turbulent conditions marketwide in 2011, the Group worked to maximize customer satisfaction and deepen relationships amid the state of flux that prevailed in the business environment. GCR provided support and advisory to clients based on their deep knowledge of client operations and further served as clients' internal advocates within the Bank, particularly as regarded clients needing flexibility in terms or structuring. Support and advisory activity was particularly pronounced in sectors hardest-hit by the economic impact of political developments, including clients in the real estate, construction and tourism industries.

GCR also maintained its traditional focus on acquiring new deals, increasing the Bank's penetration and the utilization of existing accounts by solving problems wherever they arose and putting in place strategies to forestall issues. The Group enhanced and expanded its relationships with the 50 groups (representing 198 accounts) under GCR management.

2011 Performance

- A representative example of GCR's application of the one-stop-shop philosophy was the Kidzania Project. After heated competition involving other major financial players, GCR signed an exclusive sponsorship contract with the project owner, which has the exclusive franchise rights in Egypt to the international brand known as

Kidzania. Finance was provided by CIB subsidiary CORPLEASE, in addition to CIB acquiring service and consumer banking duties for the whole project.

- Liaison between CIB departments to assist in eliminating the "separate islands" culture between the Consumer Banking and Corporate Banking to accelerate the development of new products for corporate clients.
- Working between multiple IB divisions to maximize total benefits to the Bank with complex transactions such as the Saudi Bin Ladin Group's USD 71.5 million Shumasi Lodging Camp / Mashriq transaction.
- Promotion of new services and areas within the Bank in transactions including:
  - Global Transaction Services: OHD, ABB, Alstom, Egyptian-German Pipes, Schneider, Nile Linen.
  - Mid-Cap: Rameda Pharmaceutical Co.
- In addition to activity within the GCR team's core portfolio, the Group initiated several deals within the CIB family including:
  - New corporate banking commitments and transactions totaling EGP 2.2 billion.
  - CORPLEASE: Successful transaction of EGP 182 million.
  - CI Capital: Al-Hokeir and Al-Kharafi mandate.
  - Falcon: Increase penetration with existing clients in the cash shipment segment; with Coca-Cola, for example, we expanded to include all 38 branches, up from 17 branches only. We added a further 12 branches for Pepsico in addition to winning a new general service contract for Egyptian Company for Mobile Services' Corporate Towers.
  - Consumer Banking: Promoted payroll services for strategic accounts including El-Sewedy Group, Accor, Kharafi National, Coca-Cola, Etisalat, Schneider and others.
  - Egypt Factor: Factoring deals worth EGP 85 million.

The GCR Group's priorities for 2012 include:

- Deepening the Bank's relationship with existing corporate clients under GCR management and expanding coverage to new clients.
- Focus on key performance indicators to ensure incremental economic value creation.
- Continuous feedback assessment.
- Expand product mix and create new products based on client needs.
- Focus aggressively on new client acquisition and new deals. ■

DRAWING FROM THE POPULAR GAMES "SNAKES & LADDERS" AND "LIDDO" FOR A TAKE ON THE EGYPTIAN REVOLUTION IN AN EXPRESSIVE TRYPTICH.

AHMED KASSEM

(PAINTING, 2011)

Consumer Banking

Mahmoud Ali Ahmed
(sculpture, 2011)
CIB permanent collection

By the beginning of 2011, CIB Consumer Bank had completed an integrated and structured program to put in place all the building blocks of a world-class consumer banking franchise. This involved addressing all skill gaps at the head office level, re-engineering processes within the Consumer Banking domain, completing our product menu and centralizing operational workload to free up our branches for superior service levels and aggressive sales focus. The year 2011 was intended to witness a rapid ramp-up in building-out all product portfolios, further refinement of our segmentation strategy and aggressive market share gains.

The events of January 25th and the ensuing days proved to be the ultimate stress test of our readiness. The closure of all bank branches for several days and the highly volatile environment of February and March 2011 were deeply challenging in terms of our robustness and efficiency. It is a mark of our very solid setup that we have come through this period with our reputation not only preserved but significantly enhanced. We were able to assure our customers that we were confidently handling their finances in these troubled times by providing our usual quality customer service at excellent turn-around times while ensuring that we were fully compliant with all CBE regulations.

Perhaps the best indicator of our success in this area has been the remarkable growth in CIB Customer Liabilities recorded during these times. In the first nine months of 2011, CIB Consumer Bank managed to grow Customer Liabilities by EGP 6.5 billion while the total Consumer Banking Liabilities of all Egyptian banks grew by EGP 26.0 billion. This translates to a 25% market share of new growth — a remarkable achievement in a market of 39 banks — and helped CIB raise its market share of deposits in the Egyptian banking system from 6.70% in January 2011 to 7.23% in November 2011.

On the lending side, our asset portfolio experienced an expected temporary deterioration in credit quality in February and March 2011, primarily as customers did not have access to branches and ATMs to make payments. In accordance with Central Bank of Egypt regulations, we ran several amnesty activities including waiving late payment charges for these periods and also selectively applied an installment deferment program for customers who expressed difficulty in meeting their obligations.

Our Consumer Risk Department took pro-active measures to restrict lending policies in the months following the January 25th Revolution, and all areas of the Bank worked closely together on regularizing all non-performing indicators. As expected, the portfolio credit quality indicators recovered quickly to pre-Revolution levels, reflecting the very sound lending practices we had been following. Policies were gradually re-opened in line with positive developments in the market.

These events have built up our confidence in the credit quality of the portfolio and the robustness of our credit cycle processes and we are poised for aggressive growth in 2012 onwards. Despite the challenging times in 2011, we still managed to grow our Consumer Assets book by 32% to EGP 5.2 billion in the 12 months from December 2010 to December 2011.

In 2011, CIB expanded its product menu with launches of several key new products. At the forefront is the Business Banking proposition, which presents creative and comprehensive solutions to SMEs. This had been piloted in select branches in 2010 and was launched full-force to the market in 2011. Additionally, CIB has engineered several creative Liability and Mutual Fund products for the market including 3- and 5-year Cumulative Interest CDs, 'El Kheir' CD focused on philanthropic customers who wish to donate the returns of their CDs to charity, and Thabat, a fixed-income mutual fund product.

On the people front, CIB Consumer Bank continues to believe that our staff is our most prized asset and the source of the most truly sustainable competitive advantage. In 2011, we continued to make investments in our people through several training programs including the Consumer Leadership program, a six-month multi-module program where attendees are exposed to all aspects of the Consumer Bank. This is not only ensuring that we create a continuous supply of qualified talent for key positions within the Consumer Bank, but also builds better synergy across departments as all employees have a better understanding of the bigger picture.

As we look forward to 2012, we are deeply excited by the opportunities available to our Consumer Bank. As Egypt starts the journey of democratization, one key expected outcome is a fairer distribution of income and, accordingly, a much larger tranche of the population will come into the banking sector. As the market size rapidly expands, only the best prepared banks will be in a position to avail this opportunity without straining their internal setup.

CIB has spent the last four years gearing-up for this and is very well poised to capture the lion's share of the growth in Egypt's banking sector. This past year provided the ultimate stress test, and we have come through this confident in our people and our processes — and ready for 2012 and beyond. ■

Banking on Wholesale & Retail

12%

From cash-management solutions to a Cards business that has seen CIB become the number-one provider in the POS segment just four years after entry to the market, CIB supports the wholesale and retail businesses that account for nearly 12% of Egypt's GDP.

COO Area

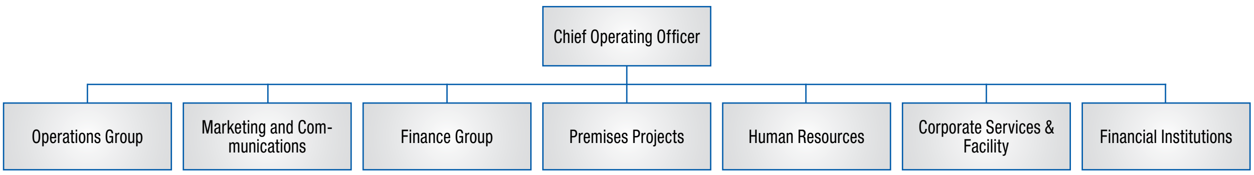
THE COO AREA'S AGENDA IN 2011 WAS ON CHANGE AND SUSTAINABILITY AS IT WORKED TO ENHANCE CUSTOMER EXPERIENCE THROUGH A FOCUS ON SERVICE QUALITY, PROCESS REENGINEERING, FACILITY MANAGEMENT SERVICES AND BUSINESS CONTINUITY.

In 2011, the COO Area continued its progress on the agenda of change and sustainability. It continues to be a proactive business partner and has an ambition to be one of the leading areas in the region in terms of people, processes, controls, productivity and efficiency.

In the year ending December 2011, the COO Area continued its focus on enhancement of customer experience through focus on service quality, process reengineering, facility management services and business continuity for the critical services being provided to our customers. The COO Area also focused on various aspects of Human Capital Management including development of staff through effective training, enhancement of performance management and employee engagement initiatives.

As in previous years, the Bank continued its strategic investment in development of our staff, increase in head office space as well as renovations for better work environment for our staff and additional branches for the convenience of our customers. Our focus on cost optimization continued this year through detailed review of our contracts with our vendors, initiatives on services such as printing solutions and supplies, proactive management of the Bank's assets and enhanced productivity of staff in various areas.

Noteworthy is that in the first quarter of the year, the COO Area ensured that the services to our customers were sustained while meeting all regulatory instructions which came during the period of upheaval. The branches and ATMs which were damaged were renovated in a speedy fashion to meet our customers' needs.



Operations Department

During 2011, Operations faced significant challenges during and after the Revolution, including a number of directives related to regulatory bodies in different areas such as payments, cash management, nostro management and trade. The maturity of our business model allowed us to handle these challenges extremely well through our highly skilled officers-in-charge. These challenges did not distract the Operations Group from maintaining its important role in regularizing and formulating the business directives into tangible outcomes and taking the business agenda to the next level while focusing on operations controls and sustainability, process standardization and improving both service and quality.

Building on our customer-centric focus and achieving service excellence while dealing with our clients, multiple initiatives were introduced to measure performance and enhance our customer experience, including key service indicators (KSIs), voice of customer (VOC) and customer satisfaction (SAT) surveys as well as enhancement of complaints management and resolution by introducing complaints segmentation.

An Operational Excellence Department was also formed to work on total quality management (TQM) and process re-engineering.

As part of our continuing strategy to embed a controls culture bank-wide, our internal controls unit has reached a fully fledged state that will allow the unit to extend its scope outside the Operations Group during the coming year in monitoring and controlling operational activities to mitigate risks and build control values. On another note, standardization of the operations procedures through well-defined, well-controlled and auditable Standard Operating Procedures took place, which will make an important contribution to enhancing our overall controls environment.

The year just-ended has also been a turning point in formulating our business continuity and crisis-management strategies and capabilities. The main pillars of the short-term plan were put in place, a bank-wide skeleton team was identified (representing all the key functions that support our service continuation under any disruptions), alternate workspaces were prepared and tested for viability. Leveraging CIB's aspiration of adopting international standards and best practices, a comprehensive high-level policy was put in place with key performance metrics identified to take the business continuity program forward to a more advanced level.

Finally, the Operations Group earned again this year the Annual Excellence Awards, a designation conferred by J.P. Morgan for exceptional quality in performance of execution and transaction processing.

Premises Projects Department

In 2011, CIB established its first owned Head Office building in Smart Village, having the capacity for 550 employees across 8,400 square meters. This building will accommodate our back office and operations staff in addition to an enhanced training facility and a disaster recovery site. Efforts are being made to optimize space and enhance the environment for our staff by upgrading facilities in the head office buildings.

This year, four new branches were added to CIB's branch network, including presences at Mall of Arabia, Miami, Mahala, and Sun City Mall, while work was conducted on 18 branches to enhance their image.

In the first quarter of the year, two branches badly damaged during civil unrest (Mohandessin and Shobra) were renovated in less than two weeks. Based on those incidents, protective rolling shutters were installed on the façades across the CIB branch network in a short period of time.

Finance Department

Finance is an important strategic partner with the key stakeholders in the bank. It is involved in activities ranging from regulatory reporting, taxation, and reconciliation to involvement in planning, budgets, strategic projects, and new product development. Finance works with various areas to provide information necessary for decision making as well as options to stakeholders based on accounting, taxation and strategic understanding of the business.

In 2011, Finance was involved with detailed financial forecasts for management, shorter and longer term strategic plans for the Bank and its subsidiaries, new initiatives for regulatory reporting, reconciliation and payments as well as further development of the Management Information Systems in the Bank.

In August 2011, a new Chief Financial Officer was appointed with strong business experience to lead the next phase of the development of the Finance function at CIB and its subsidiaries. This is part of a long-term plan to develop Finance's role in strategic decision making and business planning.

Corporate Service Department

Corporate Services Department worked in 2011 with vendors to ensure that the detailed SLAs set for the year were met in order to enhance service for internal and external customers. These included facility management services, maintenance quality and turn-around time, travel services, fleet management and other services.

Efforts were made on fire and safety standards for our staff. This included the enhancement of our fire fighting system and an evacuation plan is in place for all Head Office premises. Additional cameras and alarm systems were added to ensure our security standards were strengthened.

Other activities underway include finalization of project for microfilming and digital archiving, detailed risk assessment as part of insurance initiative, and centralization of all tendering activities in the bank.

Human Resources Department

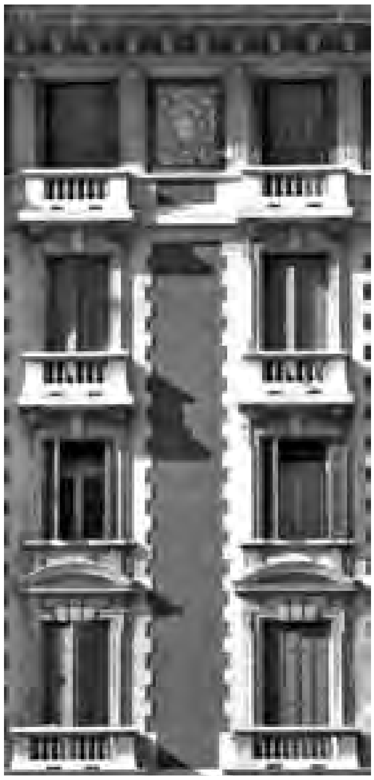
In 2011, a number of initiatives were taken to develop the Bank's Human Capital. These included a review of the key policies for the staff, review of compensation and benefits, training programs, and continuous upgrading of our performance management in the organization.

Recruitment

The Department implemented the newly designed summer internship and Management Associate Development (MADP) programs to attract and develop talent at the entry level. In addition, CIB participated in a number of employment fairs including American University in Cairo and Harvard Business School. The conference at the Harvard Business School was arranged by the Harvard Arab Alumni Association;

A CLASSIC FAÇADE IS BROUGHT TO LIFE BY THE SUBTLE PLAY OF SHADOWS.

NOHA FIKRY
(PHOTOGRAPHY, 2011)
CIB PERMANENT COLLECTION



Abdel Rehim Mohamed
(drawing, 2011)

CIB's participation aimed at promoting the Bank as the employer of choice for all Egyptian students studying at top tier universities abroad.

New hires for 2011 totaled 295; the bulk of the strategic hiring agenda fell within the Consumer Banking – Branches arena.

Training

Despite the turbulent economic times the nation witnessed, the Training Department registered considerable achievements in 2011. We had a wide range of managerial, interpersonal skills and technical training programs throughout the year provided by either internal trainers or external suppliers. The decision to proceed with all key strategic programs and to continue to invest in our human capital supported us considerably in implementing major achievements that catered for various staff levels. These achievements include:

- *Leadership & Management Program (LAMP)*: LAMP is a high-level specially-tailored program for CIB senior managers. The program is part of our strategy to continuously develop our management so that they are more effective in their leadership roles.
- *Credit Course*: CIB took the decision to revamp the Credit Course in 2011. A consultancy firm is currently working closely with CIB to review and update credit course content and teaching methodology, the outcome of which will be implemented in the next Credit Course to begin in February 2012.
- *Management Associate Development Program (MADP)*: In August 2011, the Bank launched the MADP, which is a perfectly designed rotational program aiming to create the Bank's future leaders. The program starts by selecting high-potential individuals and providing them with a wealth of knowledge and experience through a comprehensively structured program.
- *Consumer Leadership Program*: This program aims to upgrade the knowledge base and managerial skills of middle management in Consumer Banking through six modules spread over a six-month period.
- *Summer Internship Program*: The Summer Internship program was revamped to ensure that it could provide a selected pool of undergraduate talents with practical experience and identify future recruitment prospects. The program was a significant success this year, as trainees were ensured six weeks of being involved in hands-on, day-to-day activities based on specifically designed projects. At the end of their programs, trainees in each department provided presentations in groups in the presence of their designated Department Heads and HR.

Other courses offered included Quality Service, Essential Selling Skills, Managing Operations for Productivity & Quality.

The Department also offered technical programs on Basel II, Equity Evaluation and Derivatives, Anti-Money Laundering, Forgery and Falsification, and Information Technology, amongst other programs. Officers also attended training programs, seminars, and conferences overseas on Advanced Management, FX Options, and other related subjects.

A total of 2,300 employees received training in 2011.

Unified Allowance

In 2011, CIB enhanced its compensation structure by ensuring a unified fixed compensation across job families. This was done to promote the self development of staff through interdepartmental transfers as well as to make CIB compensation in line with the selected peer group in the banking sector.

Family Medical Coverage

In line with the CIB Human Capital Strategy on benefits, the medical system coverage was increased to include the spouses and children of staff in 2011. Previously, CIB provided medical coverage to staff only. CIB has always been one of the best providers of benefits in the banking sector including staff loans, social insurance fund and now the medical system for staff and their spouses and children.

Organizational Development

In 2011, CIB participated in a salary survey with KPMG to ensure that CIB remains competitive in hiring and retaining staff. A mid-year adjustment was executed by conducting the annual compensation survey with two international companies.

An engagement survey, suggestion box and new committees were introduced to enhance communication with the staff. The Employee Engagement Survey was conducted by Hay Group with a participation rate of 82%, which is the above response rate Hay Groups' clients achieve.

The analysis of the survey has resulted in a meaningful action plan to further enhance the high engagement and satisfaction of our staff.

HR has updated and implemented new HR modules through Oracle to ensure accuracy of information by using a single database. The integration of various Oracle modules has provided a complete and consistent stream of information on staff individually and by department.

Marketing & Communication

The Department made a sustained effort to leverage CIB's equity as it built a strong sense of loyalty with both external and internal customers.

A tactical advertising campaign was launched in November this year to exhibit the strength of CIB's position in view of the current economic situation nationally. The TV campaign was followed up by full coverage in other media channels, including radio, digital, outdoor and print.

This year also witnessed the launch of a number of new products and services from both Assets and Liabilities that further cater to our customers' various needs.

On the internal communications front, the launch of the new intranet was a key initiative in 2011 that now helps in communication across the bank, enabling staff to have access to policies and procedures, product and service features. It will also allow the delivery of online training and videos at a later stage.

A dedicated market research function was established this year within the Marketing Department. This function has been recognized of major importance the total business to further capture and understand customers' need gaps and triggers in an ever-changing market. This function is also in charge of measuring and evaluating CIB performance versus the competition.

CIB once more earned global recognition with a series of awards that endorse the Bank's exceptional performance, garnering a total of 17 awards. The Bank earned five awards from EMEA Finance in the year just ended, including:

1. 'Best Local Bank' (fourth consecutive year).
2. 'Best Asset Manager in Egypt' in recognition of its excellent management practices during the launch of last year's Hemaya Fund by CI Capital, the investment banking arm of CIB.
3. 'Best Project Finance Deal in Africa.'
4. 'Best Natural Resources Deal in Africa.'
5. 'Best Securitization Deal in 2010' for the work CIB completed for CORPLEASE, a corporate leasing company and strategic subsidiary of the Bank.

CIB was selected by Global Finance magazine for three exceptional awards, including 'Best Bank in Egypt' for the fifteenth time, 'Best Sub Custodian Bank' for the third consecutive year for the Bank's high-quality service and competitive prices provided to its customers; and 'Best Trade Finance Provider', which was awarded to the Bank for the fifth time in its history.

The Banker institution also granted CIB two awards, including 'Bank of the Year' for the third time due to its solid financial position and increased market share as well as its success in communicating with the customers significantly better than its rivals during the events that accompanied the revolution. The Banker also named CIB winner of the 'Deal of the Year for Securitization'.

The global institution JP Morgan recognized CIB last year, certifying it for STP Performance Level for MT 103 Payments for the sixth year, STP Performance Level for MT202 payments for the second year in a row, and 'Quality Recognition Awards for Book Transfers'.

The Bank was moreover named 'Best Asset Manager' by Global Investor for its rational management principles adopted in managing these assets and increasing the revenues generated through this portfolio.

Finally, CIB was named by MasterCard as the winner of three awards including 'Highest Growing Credit Card Issuer Bank in Egypt', 'Highest Growing Acquiring Bank in Egypt' and 'Best Performing Debit Card Issuer Bank in Egypt'.

Information Technology

In line with the Bank's technology strategy, CIB continued to make major investment within this area. Over the course of 2010, 2011 and into 2012, all of the key systems within CIB will either be significantly overhauled or, as in most cases, completely replaced. The focus has been to improve our overall customer experience by investing in systems, services and resources. In addition to customer related services, CIB has also continued to improve its compliance- and regulatory-related systems as well.

MOATAZ SAEID
(DRAWING, 2011)

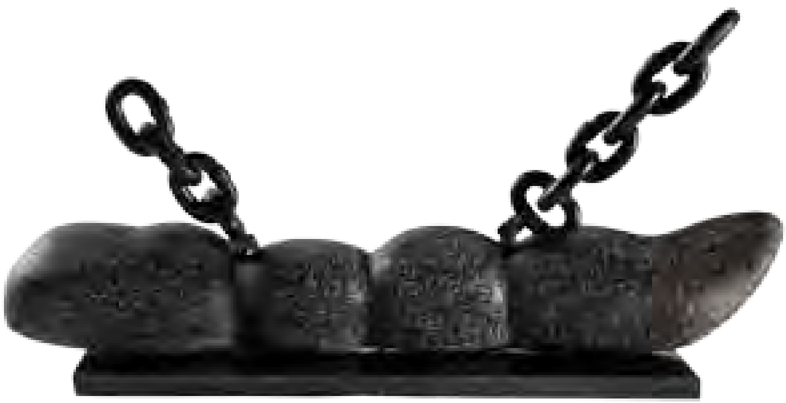
Although, the Revolution resulted in delays of at least a few months to project timelines, through extra efforts and by compressing schedules, most of our key projects were completed and implemented on time.

The project portfolio for 2011 covered a number of critical areas and also included the implementation of key core system modules. As part of these activities, some of the areas that have been overhauled are:

- Branch Tellers: With the increasing focus on meeting our customers' expectations, and a mindset of improving our services, a completely new system has been rolled out for branch tellers. The system is aimed at improving efficiency within the branches, the ability to meet the increasing volumes, as well as providing a state-of-the-art system that can meet our longer-term business strategy.
- Treasury Front and Middle Office: A brand-new system aimed at providing substantially improved functionality and services to our treasury area has been rolled out this year. The system is considered one of the leading packages in the industry and will play a major part in fulfilling both the tactical as well as the strategic requirements of the Bank.
- Corporate Online Portals: With the continuing focus on bringing the best service to our corporate clients, CIB finalized the roll-out of a new Trade Finance Portal and initiated a Cash Management portal as well. These products aim to provide self-service capabilities to our clients to directly improve their efficiency and effectiveness.
- With the completion of the data warehouse implementation this year, the Bank has now started to reap the benefits of having a "single point of truth." Already we have deployed CIB-Eye, a 360° view of our retail customers, allowing us to have a full picture of our customer relationship, and providing us insight into additional services that the Bank could provide. The data warehouse has also been the catalyst of providing huge analytic capabilities to a number of areas within the Bank.
- In line with CIB's priority on meeting all compliance and regulatory requirements, we have implemented the complete Basel II functionality over our data warehouse. Which makes us one of the first banks in Egypt to meet this regulatory requirement.
- With a growing need for rapid deployment of new applications and a need to meet dynamic demands, one of the key projects implemented in 2011 was around Infrastructure On Demand. This implementation is a critical piece in the Bank's ability to quickly meet our business's demands in terms of infrastructure needs.
- Another important project that continued through 2011 was the IT Operations Control Center. A number of key elements of the project were finalized, including monitoring of our Retail Online System, as well as Service Desk automation, and implementation of a number of IT functions such as Change Management, Release Management, etc.

Although, clearly this year there was a continued focus on implementation, CIB's Technology Group has continued its mission of improving our existing services as well. The result has been an overall improvement in the quality and availability of all our services.

As we move into 2012, we are geared up to complete the massive technology change aimed at bringing CIB IT up to date with the latest technology, and primed to meet our business objectives over the coming years.



Fatma Ali Salim
(sculpture, 2011)
CIB permanent collection

A collective graphical work formed of geometric parts recalls popular myths with fantastical creatures, phobias, and hallucinations. The performance is strong and full of expression. strong carving blows are particularly obvious in the backgrounds, while the surface is filled with white lighting lines finding their way among the dark figures.

Sherine Abdel Gawad

(graphic, 2011)

CIB permanent collection

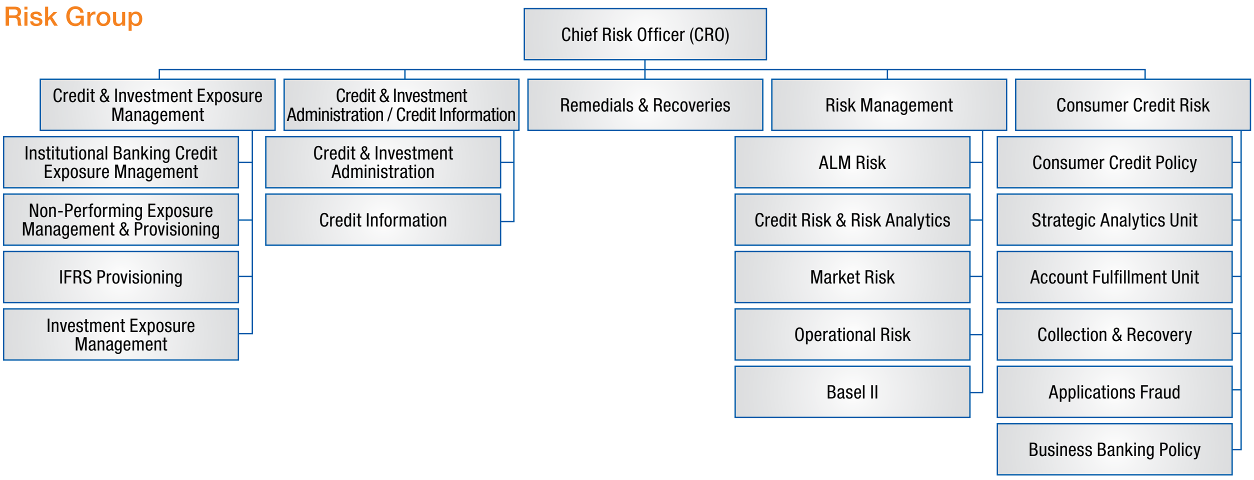
Risk Group

CIB's commitment to internal governance and control is one of the key values that we offer to our investors and the community, in light of which one of our strategic pillars is to continuously enhance our Corporate Governance model. As such, the Bank integrated in 2011 all risk functions from other areas — including Operational Risk as well as asset and liability management (ALM) risk — under the Chief Risk Officer to properly align and optimize CIB's enterprise risk management framework.

Risk Organization

The Chief Risk Officer manages Risk Group functions with the following key areas: Credit and Investment Exposure Management, Consumer Credit Risk, Credit and Investment Administration / Credit Information, Risk Management, and Remedials and Recoveries.

Risk Group



The Risk Group (RG) is an independent function, responsible for managing the enterprise risk management (ERM) framework across the organization. The Group identifies, measures, monitors, controls and reports risk exposures against tolerance levels and limits to senior management and the Board of Directors. The risk framework and governance structure provide extensive controls and management of all risks. RG decisions are taken in a systematic and structured manner based on the best available information, while maintaining the ability to respond dynamically to changes.

In light of political events in the country, 2011 was a very volatile year, with an economic environment presenting numerous challenges that had to be immediately addressed by CIB. It was a year of consolidation, with a focus on maintaining portfolio quality and ring-fencing potential high-risk segments. The Group played a significant role and worked very cohesively with business areas, rolling out mitigating measures to limit and redress the potential losses, given the deterioration in macro-economic indicators including GDP growth rate, inflationary pressure, and increasing unemployment, coupled with the changing socio-political environment.

The portfolio quality remains robust and the Risk Group is in position to support business growth via both a proactive and prudent risk strategy.

Risk Group Objectives

- Implement a strong Enterprise Risk Management Framework that meets both regulatory requirements and international best practices with regards to policies and procedures.
- Work closely with business and support groups to monitor portfolios and operations to provide an independent risk analysis.
- Work on raising efficiency to reduce expected and unexpected losses.
- Maintain adequate provisioning coverage.
- Provide projections for unexpected losses to maintain capital adequacy.
- Review business decisions adjusted for risk in order to optimize both capital utilization and return on shareholders' value.

- Maintain updated policies and manuals related to credit, market, asset and liability management, and operational risk functions.

Key Management Risk Committees

The Chief Risk Officer and other risk officers are key members of all Credit, Asset and Liability Management, Consumer and Operational Risk Committees.

- The High Lending and Investment Committee (HLIC) is composed of senior executives of the Bank. The primary mandate is to focus on credit and investment decisions. The HLIC regularly reviews and decides on the Bank's credit facilities and equity investments, as well as focusing on the asset quality, allocation and development.
- The objective of the Asset & Liability Committee (ALCO) is to optimize the allocation of assets and liabilities, given its expectations of future and potential impact of interest rate movements, liquidity constraints, foreign exchange exposure and capital adequacy. ALCO monitors the Bank's liquidity and market risks, economic developments, market fluctuations, and the risk profile to ensure ongoing activities are compatible with the risk / reward guidelines approved by the Board of Directors.
- The Consumer Risk Committee (CRC)'s overall responsibility is the managing, approving, and monitoring of all aspects related to the quality, as well as the growth of the Consumer Banking portfolio. CRC decisions are guided first and foremost by the current risk appetite of the Bank, as well as the prevailing market trends, while ensuring to be within the stipulated guidelines set by the Consumer Credit Policy Guide, as approved by the Board of Directors.
- The Operational Risk Committee (ORC) supports the Bank in fulfilling its responsibility to oversee the operational risk management functions and processes. The objective of the ORC is to oversee, approve, and monitor all aspects pertaining to the Bank's compliance with the operational risk framework and regulatory requirements.

Credit & Investment Exposure Management (Institutional Banking)

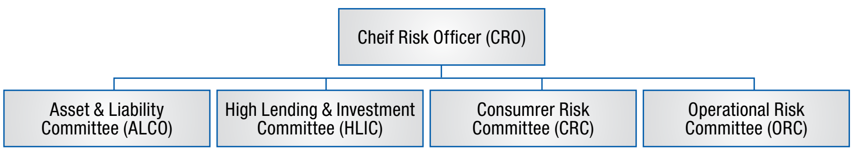
Credit risk is a loss from a borrower or counterparty that fails to meet its obligation. The Bank is exposed to credit risk via a diversified client base, consisting of large corporate, mid-cap, institutional and individual customers. Management and the Board of Directors have established key committees to review credit risk and concur on the overall polices. Under the Risk Group, credit risk is managed by the Credit and Investment Exposure Management Group and Consumer Credit Risk Group. These areas actively monitor and review exposure to ensure a well-diversified portfolio in terms of customer base, geography, industry, tenor, currency and product.

The Credit & Investment Exposure Management Department's primary objective is to evaluate the lending and investment portfolios, using qualitative and quantitative analysis to properly build a quality portfolio, enhance the Bank's seniority, establish adequate protection and control, in addition to a solid provisioning process to ensure portfolios are adequately covered. This is achieved through continuous analysis, monitoring and a close follow up on the portfolios, in addition to conducting periodic assessment of performance to detect early signals for possible distress or deterioration and set corrective measures for mitigation.

In 2010, the local economy was recovering from the aftermath of the global economic crisis, setting a solid base for growth expectations. However, the events of 2011 created an environment of political and economic uncertainty, causing pressure and challenges to all business activities. Accordingly, the existing portfolio was thoroughly reviewed, effects on various industries and client performance were assessed, and internal ratings revisited. Distress scenarios were also conducted to determine portfolio resilience to any shocks, and credit criteria as well as risk tolerances were tightened.

The above measures, backed by the high portfolio quality, enabled the Bank to maneuver safely through a difficult period, reflected in a slight increase in default ratio to 2.81% in 2011 as compared to 2.73% in

A COMMITMENT TO WORLD-CLASS STANDARDS OF INTERNAL GOVERNANCE AND CONTROL IS A KEY VALUE CIB OFFERS TO INVESTORS AND THE BROADER COMMUNITY.



Risk Committees

The Bank integrated in 2011 all risk functions from other areas — including Operational Risk as well as Asset and Liability Management (ALM) Risk — under the Chief Risk Officer to properly align and optimize CIB's enterprise risk management framework.

2010, coupled by a coverage ratio of 136% in 2011, confirming the Bank's solid financial position.

On the Correspondent Banking side, turbulence across Europe continues. However, the Bank continues to adopt a strategy of limiting exposures to counterparties in the affected countries, while confining exposures to financially strong and stable institutions that are able to emerge from the crisis.

Going forward in 2012, we continue to support business growth through adoption of a prudent strategy built on risk mitigation and sound risk assessment.

Credit and Investment Administration / Credit Information

The Credit & Investment Administration function ensures administrative control on institutional and investment exposures and the compliance with both the Credit Policy Guide and Central Bank of Egypt (CBE) directives. Credit Administration represents a strong back up to Institutional Banking by maintaining a quality control system, which is processed through robust reporting that facilitates effective decision making.

The Credit Information Department prepares comprehensive market research reports, from various sources, for all Institutional clients, and is responsible for extracting all regulatory reports, in order to assist in the approval decision.

Consumer Credit Risk

Consumer Credit Risk is an independent governance group that manages the centralized risk function for all consumer asset products. The purview of this unit extends across the entire consumer credit cycle, including policy formulation, underwriting and credit assignment, collection and repayment, portfolio monitoring and analytics and application fraud. The overall objective is to maintain a quality portfolio, which is monitored through a robust analytics unit that facilitates effective decision making. The Group also ensures compliance with the Consumer Policy Guide and CBE directives.

The Bank's consumer portfolio consists primarily of credit cards, auto loans, personal loans, secured overdrafts, and residential mortgages. There are multiple coincident and lagged indicators instituted across the consumer credit-life cycle to monitor and maintain the optimal portfolio quality.

Portfolio monitoring begins with rigorous review of all early warning indicators, such as Through The Door (TTD) analysis, First Payment Defaults (FPD), non-starters coupled with key coincident indicators, such as delinquencies, bucket movements and consequent flow rates, and Was-Is analysis across key segments. Segmented vintages and Month-On-Book (MOB) analysis is also employed to identify differentiated customer repayment pattern, which provides the fundamental base for all policy formulations and collection strategies.

Loss recognition and provisioning methodologies have been implemented along IFRS guidelines, which ensure that the Bank is pragmatic in current risk assessment and forecasting future potential losses.

The 2011 environment required a proactive risk-based approach, continuously adapting in myriad ways of facilitating lending in low-risk and stable segments to stimulate growth; strict underwriting and fraud detection that focused on increased identity and employment verification; tightened monitoring of all key risk indicators (KRIs) on a daily basis to ensure complete control on portfolio quality; and last — but most importantly — a very strong collection strategy to reduce increased delinquencies.

The robust collection strategy encapsulated all available tools ranging from resource reallocations to ensure adequate coverage across all default accounts, leveraging strong wealth management, corporate and payroll relationships to drive mass resolution of defaults; operating during non-banking hours; and liaising with the extensive dealer networks to facilitate and increase repayment modes apart from the regular collection tools. These new tools were instrumental in normalizing most of the witnessed increased defaults with delinquencies reverting to 2010 levels.

The encouraging signs of recovery in the recent months, coupled with the improved portfolio quality, have facilitated the return to normal policies and the Bank is poised to take a leadership position in the market on the consumer asset business. The consumer asset portfolio grew by EGP 1.3 billion (32%) in 2011, despite the slowdown in the first quarter. This growth was achieved while maintaining portfolio quality with loss rates of 0.6% (vs. 0.5% in 2010). We continue to sustain good portfolio quality to supplement the aggressive portfolio growth with non-performing assets at 0.5% vs. 0.3% in 2010.

Consumer Credit Risk, in conjunction with the Business Units have deepened the product line with the rolling out of multiple programs and product variants to attract the target segment envisaged to facilitate the growth. Over the past three years, the Bank has built a sizeable consumer asset portfolio of over EGP 5.2 billion, with an enviable portfolio quality carrying loss rates of 0.6%. This size and quality provide a high loss-absorption capacity to the consumer asset portfolio, which is well positioned for aggressive growth in the coming years.

Remedials & Recoveries

The Remedials & Recoveries Department aims to achieve the maximum recovery rate from the Bank's institutional written-off exposures via building solid remedial strategies.

Comprehensive analysis is conducted with all related departments to avoid recurrence (including setting guidelines to avoid future write-offs) and to develop viable strategies to maximize the recovery prospects. The Department further manages and reviews the remedial accounts' performance and financial standing through a framework that entails active involvement in the management of the turn-around potentials via committees or board representations.

In addition, it seeks reactivation of relationships with stagnant accounts and proposes settlements or turn-around plans. These tasks are accomplished while ensuring continuous update and renewal of the documentation, supports, and other collaterals to maintain CIB's seniority and control. Despite of the difficult market conditions, recoveries amounted to EGP 15.7 million in 2011.

Consolidated Portfolio Quality & Provisioning

Total IFRS based Impairment Charges reached EGP 1.45 billion in December 2011, compared to EGP 1.26 billion in 2010, despite the write off of EGP 156 million in 2011. The Bank's General Ratio for Direct Exposure decreased from 2.19% as of December 2010 to 1.77% in 2011. Institutional Banking Recoveries recorded a total of EGP 11.3 million in 2011 compared to EGP 25.7 million in 2010.

The Consumer Banking Unit continues to make valuable contributions to the Bank's performance with aggregate Recoveries of EGP 4.4 million as of December 2011, against EGP 3.5 million in 2010 despite the current market conditions.

Key Metrics

	2008	2009	2010	2011
Gross Loans (000's of EGP)	27,738,625	28,981,189	36,716,652	42,933,133
NPL %	3.0%	2.97%	2.73%	2.82%
Charge Offs to Date (000's of EGP)	1,543,638	1,609,105	1,714,960	1,870,898
Recoveries to Date (000's of EGP)	314,974	338,928	368,095	383,835
General Ratio (Direct Exposure only)	N.A	2.32%	2.19%	1.77%
Recoveries to Date / Charge-offs to Date	20.4%	21.06%	21.46%	20.52%

Risk Management Department

RMD identifies, measures, monitors and controls asset and liability management, market and operational risk via the Bank's policies, ensures that the Basel II project and risk analytics requirements are adequately managed and that the status is regularly reported to management and the Board of Directors.

ALM Risk independently monitors and controls liquidity and interest rate risks within Board of Directors-approved limits. Liquidity risk is the risk that the Bank is unable to meet its normal business obligations and regulatory liquidity requirements. The Bank has a comprehensive Liquidity Policy and Contingency Funding Plan that supports the diversity of funding sources, maintains an adequate liquidity buffer with a substantial pool of liquid assets, and has minimum reliance on wholesale funding.

To measure and control liquidity, the Bank uses gaps, stress testing, net stable funding and liquidity coverage ratios, and the regulatory and internal liquidity ratios. Based on the events of 2011, the liquidity stress testing was enhanced, however no execution of the Contingency Funding Plan was required. In addition, during the year, all liquidity ratios were in compliance, with more than adequate buffers.

Interest rate risk is defined as the potential loss from unexpected changes in interest rates, which can significantly alter the Bank's profitability and economic value of equity. The Bank's interest rate risk primarily arises from the re-pricing maturity structure of the interest sensitive assets and liabilities and off-balance sheet instruments. The Bank uses a range of complementary technical approaches to measure and control interest rate risk, including gaps, duration of equity, and earnings-at-risk (EaR) and exposures are regularly reviewed by the ALCO and the Board of Directors. Despite a challenging interest rate environment in 2011, the Bank proactively managed interest rate sensitivity to safeguard against adverse shocks to the balance sheet.

Market Risk Management is an independent unit that identifies and monitors market risks throughout the Bank. Market risk is the risk of loss resulting from adverse movements in the value of financial instruments, arising from changes in the level or volatility of interest rates, foreign exchange rates, commodities, equities and other securities, including derivatives. The Bank classifies market risk exposure into traded and non-traded activities. The main strategy for traded market risk is to trade or make markets in the short term, while non-traded market risk arises from investments that are held for medium and long-term. The Bank uses various measurements techniques including value-at-risk (VaR), stress testing and non-technical measures, such as asset cap and profit and loss versus stop loss limits to monitor and control market risks, which is regularly reported to ALCO and the Board of Directors. In 2011, volatility in some risk factors reached higher levels as compared to the 2008 crisis; the Bank's proactive management of positions and stringent controls ensured there was no significant impact on the trading portfolios.

As per Basel II, the Bank defines operational risk as the loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational Risk Management Unit has implemented a framework across the organization and initiated risk and control self-assessment (RCSA) and key risk indicator (KRI) processes to assess risks against a set of controls. The objective of the framework is for effective operational risk governance aligned with the Bank's strategy, with a clear risk appetite and tolerance levels, using effective risk identification, assessment and evaluation methodologies. Operational risks are regularly reviewed by the Operational Risk Committee and the Board of Directors, while policies dictate that the functions of booking, recording and monitoring are carried out by staff that are independent of the individuals initiating the transactions. In 2011, Operational Risk losses were experienced at minimum tolerance levels and dynamically monitored and managed. To complement the framework, a state-of-the art Operational Risk System was successfully implemented, enhancing the reporting and monitoring capabilities.

In terms of Basel II, the Bank has actively participated in quantitative impact studies with the Central Bank of Egypt task force in 2011, and is well positioned to be compliant, as soon as the accord is adopted locally. As per the local regulatory recommendations, the Bank will use a standardized approach for credit, market and operational risks. The Bank is also working on implementing the advanced approach for credit and market risks, with a strategy to enhance risk sensitive measurements for capital requirements. The Bank has a dedicated Basel II Project and a risk analytics teams responsible for the implementation of all regulatory and internal modeling requirements.

In 2011, an enhanced Risk Adjusted Return on Capital (RAROC) model was successfully implemented at both the transaction and portfolio levels. In 2012, the Bank will continue improving and implementing Basel II (Pillar II) initiatives, in order to improve the internal risk management capabilities.

2011 Performance

- Assessed and quantified the possible portfolio effects from the political events and recommended appropriate action plans.
- Diligently monitored action plans that led to preservation of portfolio quality, evidenced by the NPL ratio of 2.82% and a coverage ratio of 136% as of December 2011.
- Recoveries amounted to EGP 15.7 million, despite difficult conditions.
- Exceptional consumer portfolio quality with non-performing asset rates at 0.5%.
- Proactive and dynamic consumer risk management to address the increased delinquencies, which has since been resolved.
- Instrumental in consumer asset portfolio growth of EGP 1.3 billion (32%) through launch of multiple programs and campaigns to drive acquisition volumes.
- Automated the consumer portfolio monitoring and reporting through rollout of Concierge Reporting Tool and collections across collection agencies, being the only bank to automate agency collection activities.
- Enhanced Basel II infrastructure to comply with future regulatory requirements.
- Conducted Basel II Quantitative Impact Studies for the Central Bank of Egypt.
- Enhanced a bank-wide Risk Adjusted Return on Capital (RAROC) model.
- Enhanced Operational risk framework and related technology. ■

Compliance

CIB's Compliance Department was established in March 2007 as an independent entity guarding the Bank and all its stakeholders against a full spectrum of compliance risk, including regulatory, governance, legal, fraud, reputation and money laundering and terrorism financing. The Department works consistently to achieve the highest possible standard of compliance.

Due to recent events in Egypt, the Department took on additional functions including the application of new Central Bank of Egypt regulations and the monitoring of outgoing transfers to ensure that funds were legitimate and transactions genuine. In doing so, the Compliance Department has guarded the Bank as well as the country against capital flight during a critical period.

Compliance also participated in implementing sound operational controls to mitigate fraud risk during the period since January 2011. The team will continue in this role through 2012, with a focus on the Corporate Governance code. Its aim is to ensure CIB remains a pioneer in setting new standards in compliance.

Broadly speaking, the Compliance Department includes four divisions:

1. Policies and Procedures

This Division is responsible for ensuring the Bank's compliance with policies, regulations, laws, and procedures (including CBE rules and regulations). This entails reviewing, updating and approving policies and standard operating procedures. The Division reviews new products and services, related ads, and other means of announcements to ensure compliance with CBE in terms of transparency and proper disclosure of terms and conditions of products and services. It also assesses compliance risks and related tools of control to ensure that all business lines are complying with existing regulations.

2. Anti-Money Laundering and Terrorism Financing

This Division is directly involved in monitoring transactions with branches and other business areas and ensures that all account opening requirements are obtained, Know Your Client (KYC) data are sufficient for new clients, and that KYC information is updated for the existing customer base. It is responsible for screening of incoming and outgoing payments for individuals and entities that are negatively listed and those whose assets have been lawfully frozen by the authorities of the Arab Republic of Egypt.

3. Corporate Governance and Code of Conduct

This Division ensures that a sound Corporate Governance Model is in place at the Bank. It is responsible for monitoring CIB's organizational charts against the job descriptions of different positions to detect and escalate cases of conflict of interest. A Code of Conduct as well as Staff Petition and Staff Issues Committees have been established to create proper channels for the resolution of such issues.

In 2011, the Division conducted a gap analysis for the Bank's Corporate Governance framework after receiving the CBE's 4Q'2011 guidelines in this respect. The outcome revealed a very high level of governance, in line with CIB's proactive efforts in this direction since 1998.

Going forward, the Department is intended as the point of contact with CBE in terms of Corporate Governance issues and will liaise the CIB Board of Directors' Governance Committee in this respect.

The Division continues to provide regular updates and awareness sessions of the Code of Conduct according to the Bank standards of ethics in conjunction with the Bank's set of core values, and investigate cases related to breach of code of conduct, through the Chief Compliance Officer (CCO)

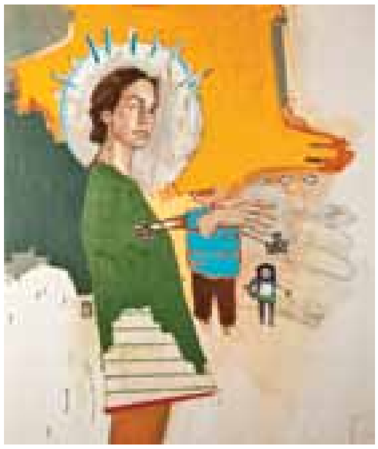
4. Complaints Investigation

This Division is responsible for investigating inquiries and complaints received from CBE and the Chairman's Office. It coordinates with the Customer Care Unit in charge of all customer complaints to investigate the root causes of such complaints, client dissatisfaction and initiate remedial action. ■

WORKS FULL OF VITALITY AND PASSION COMBINE THE REALISTIC (WOMAN) WITH THE RELIGIOUS (FISH, CRESCENT) AND THE CHILDISH IN AN EXPRESSION FREE OF LOGICAL TIES.

MOHAMED MOFTAH

(PAINTING, 2011)



Aly Said Mohammed

(drawing, 2011)

CI Capital Holding

Since its 100% acquisition by CIB in 2008, CI Capital has operated as CIB's full-fledged Investment Banking Division, offering financial solutions through its diverse platform for securities brokerage, investment banking, and asset management, all served by a strong research arm.

CI Capital's experienced management team has formulated and executed many of the landmark investment banking and brokerage deals in the Egyptian market, which helped the Group develop its reputation as the relationship investment bank in Egypt.

Currently, CI Capital uses its network of shareholders, investors and management to access the Egyptian financial and business communities, which helps the firm identify solid and sustainable growth opportunities for the Group in order to meet its strategic targets over the coming years.

2011 Accomplishments

- Developing a new sales unit to enhance business: A new sales unit was introduced to help all subsidiaries develop new business in cooperation with the business lines' managing directors. The new sales unit is located in the Holding Company so as to serve all subsidiaries. Since its inception, the unit has developed several deals for both Investment Banking and Brokerage.
- Moving to new premises: CI Capital is currently in the final stage of its preparations for moving to its new premises. This relocation will result in having all business lines located in one area by the end of March 2012.

Business Lines

Securities Brokerage

CI Capital has two fully-owned local brokerage companies: Commercial International Brokerage Company (CIBC) and Dynamic Securities, both operating through one of the widest branch networks in the nation with 12 physical locations.

Through its brokerage arms, CI Capital offers a wide range of services that cater to a variety of clients through several desks, including:

- International clients
- GCC & HNWI
- Retail
- Local institutions
- OTC
- Fixed income
- e-trade
- GDR
- In addition to a new desk for international securities

2011 Accomplishments

In 2011, CI Capital Securities added 70 bps to its market share from both brokerage houses (CIBC and Dyamic) to reach 7.1%, as opposed to 6.4% in 2010. In terms of trading value, CI Capital brokerage performance during 2011 recorded a total trading value of EGP 16.73 billion.

It is worth noting that CIBC's market share reached 13.98% during the month of October 2011 with a trading value of EGP 1.947 billion. This enabled the company to secure the first position among all brokerage houses operating in Egypt in October rankings.

During 2011, new services were introduced to Brokerage clients, including margin trading and enhanced online trading.

Finally, in an attempt to diversify its revenues resources so as not to depend only on the Egyptian stock market, CI Capital Securities started establishing regional trading platforms in cooperation with other brokerage companies in the MENA region. The first regional platform was made with a Qatari brokerage house, through which CIBC can trade in the Qatari market for its Egyptian clients.

Asset Management

CI Capital's asset management arm — CI Asset Management (CIAM) — manages investment portfolios and mutual funds. CIAM is considered the leading private institutional asset management firm in Egypt, with total assets under management of over EGP 8.83 billion in December 2011.

The company now manages six funds, versus five at the end of last year, namely:

- Osoul, one of the largest and best-performing money market funds in

Egypt, with assets under management of EGP 7.8 billion.

- Istethmar, the company's first equity fund launched in April 2006, with assets under management of EGP 117 million as of December 2011.
- Aman, a Sharia'a-compliant fund, in cooperation with both CIB and Faisal Islamic Bank of Egypt, launched in October 2006 with assets under management of EGP 27 million as of December 2011.
- Blom, a money market fund launched in September 2009 with assets under management of EGP 125 million as of December 2011.
- Hemaya, CIAMs first capital-protected fund, launched in August 2010 in cooperation with CIB. Current assets under management amount to EGP 69 million.
- Thabat, CIB fixed income fund launched in September 2011, with current assets under management of EGP 269 million as of December 2011.

CIAM also provides portfolio management services to a wide array of CIB and CI Capital clients, offering full-discretionary services to high-net-worth individuals and institutional investors. Clients are provided with comprehensive personalized services, which are tailored to their investment and reporting requirements.

The list of existing and targeted clients includes Egyptian banks, insurance companies and financial institutions, as well as pension funds.

2011 Accomplishments

- CIAM added a new fund to its products in 2011, the Thabat fixed-income fund, which was launched in September 2011 and currently holds EGP 269 million in AUM to be the biggest fixed income fund in Egypt.
- Osoul fund was ranked first among all money market funds in Egypt by Zawya in 2011 (an independent business intelligence platform).
- CIAM was named "Best Asset Manager in Egypt" by Global Investor Awards for the second year in a row. Also, CIAM was awarded "Best Asset Manager in Egypt" by EMEA Finance.
- Blom fund was ranked first among all money market funds operating in Egypt based on its performance by the Egyptian Investment Management Association (EIMA). Blom fund achieved an annual return of 9.2% in 2011.

Banking on Agriculture

15%

Agriculture, from smallholders to major agribusiness ventures, accounts for some 14.5% of Egypt's GDP annually. CIB is committed to helping businesses of all sizes grow, from major corporations served by Institutional Banking to the synergies offered by GCR, from our Business Banking proposition to cutting-edge products across all lines of business.

Strategic Subsidiaries

Investment Banking

Carrying on CIB's investment banking tradition, which dates back to 1991, CI Capital Investment Banking offers some of the most focused, experienced and professional advisory services and execution capabilities in Egypt.

As the investment banking arm of CIB, CI Capital Investment Banking (CIIB) enjoys a unique position in terms of access to deal flow; unparalleled sector, industry and company knowledge; and access to and ability to raise and structure debt capital.

CIIB's investment banking services include:

Equity Capital Markets

- Private placements
- Initial public offerings (IPOs)
- ADR / GDR listings
- Valuation advisory

Mergers & Acquisitions (M&A)

- Buy-side advisory
- Sell-side advisory
- Asset disposal programs and divestitures
- Management and leveraged buy-outs

Mid-Cap Advisory Services

- Egypt's first dedicated unit providing corporate financial advisory and NILEX listing services to mid-size enterprises.

Debt Restructuring

2011 Accomplishments

In addition to having advised and executed the sale of a 25% stake of Alpha Lab to Compass Capital in June 2011, CIIB is currently co-managing a multi-billion Egyptian pound initial public offering (IPO) with a leading international investment bank and advising on several buy-side and sell-side M&A transactions as well as two major debt restructurings.

CIIB is well positioned to benefit from the expected successful presidential elections in the coming months, with an accompanying pick-up in economic activity. The re-opening of the IPO window and investment banking transactions are anticipated in the second half of 2012.

CI Capital Research

CI Capital Research was established in 2005 as an independent research house to serve the Group's institutional and retail clients. Having served as the Research Department of CIBC since 1998, the company was later integrated within CI Capital Holding.

The research team comprises some of the most experienced industry and equity analysts in Egypt. These teams have been merged into sector groupings to cover a wide variety of industries and companies in the Egyptian and other MENA stock markets while retaining the capacity for tailored research.

This enables a wide range of research products, ranging from periodicals and short-term trading notes to longer term thematic pieces, as well as in-depth industry studies. In addition, the macro research team tracks, analyzes and forecasts macroeconomic indicators, while the strategy team organizes and prepares their research for the purposes of the equity analysts.

Research not only served the needs of clients looking at the stock market, but also assisted the building of strong relationships with CI Capital Holding's local and international clients as they study investment opportunities in the country.

2011 Accomplishments

The Research Department's equity coverage currently stands at 45 companies spanning 14 sectors, offering the widest coverage of the Egyptian market. During 2011, the Research Department introduced "Macro Outlook," a quarterly economic report looking at Egypt's macroeconomic KPIs in both the preceding and coming quarters.

Eman Fikry Osman
(computer graphic, 2011)

Egypt Factors

Egypt Factors (EGF) is a joint venture between Commercial International Bank (CIB) and Malta-based FIMBank PLC. Each entity holds 40% ownership, while the International Finance Corporation (a member of the World Bank Group) holds the remaining 20%. EGF is the first non-banking financial institution in Egypt that specializes wholly in factoring. It is the top-ranked company in the Register for Factoring Companies.

Product Type

With a clear focus on non-traditional trade finance instruments, Egypt Factors is committed to supporting and promoting cross-border and domestic trade in Egypt. To this end, Egypt Factors provides a comprehensive receivables management service package that consists of the following:

- *Administration & Commercial Collection:* EGF will take care of complete debtor bookkeeping as well as monitoring and following-up on all outstanding invoices. All collection measures will be professionally taken care of by Egypt Factors, covering more than 60 countries around the world including Egypt. EGF bridges differences in culture, languages, market habits as well as the legal environment through a broad correspondence network — more than 240 correspondents worldwide.
- *Funding:* EGF will advance up to 90% of all covered receivables. This turns sales on credit terms into cash sales. Clients' cashflows improve, thereby increasing their flexibility.
- *Bad Debt Protection:* EGF guarantees 100% payment up to a limit established on each buyer and will settle covered and undisputed receivables if not paid after a defined period past the due date.

Buyers are under periodic evaluation to make sure that upcoming risks are recognized on time.

Target Market

The company targets mid-cap producers, traders and service providers conducting transactions based on short-term deferred payments. EGF also caters to domestic buyers from local or foreign sources, increasing their purchasing power without their banking facilities being tied up.

For large corporations, factoring is advantageous, since it provides them with value added services and non-recourse funding, protecting them and improving their efficiency and financial ratios. Meanwhile, factoring is still considered more beneficial to medium-size companies, in terms of liquidity and growth.

2011 Accomplishments

Despite domestic challenges and global economic turbulences, Egypt Factors was able to successfully maintain its business volume, reaching turnover of EGP 700 million in 2011.

According to Factors Chain International (FCI) statistics, EGF achieved the highest volume of international trade handled through the FCI network among all Egyptian providers of factor services.

Forward Strategy

We are optimistic that 2012 will bring about domestic stability and a general improvement in the global environment. Egypt Factors will aim to triple its volume of business with a focus on providing value-added services for its clients, with an eye on becoming a leading trade-finance hub in the MENA region. ■

Commercial International Life Insurance Company

Commercial International Life Insurance Company (CIL) seeks to meet the savings and protection needs of individual and corporate customers in Egypt with insurance products that offer excellent value-for-money. CIL introduced unit-linked products to the Egyptian market and remains the leader in this segment today.

Leveraging the strength of its two respected shareholders, Legal & General of the United Kingdom and Egypt's Commercial International Bank, CIL delivers a successful banc-assurance sales model. The company has risen to become one of the largest players in the Egyptian life insurance industry.

2011 Performance

CIL currently insures the lives of more than 320,000 people and provides retirement savings programs for almost 20,000. Sales increased significantly in 2011 despite turmoil early in the year, and a range of system and process enhancements were implemented to improve customer service and transparency.

Forward Strategy

In the future, CIL is determined to:

- Build a strong and vibrant company through strong and sustained growth in the sales of profitable products to individual and corporate customers.
- Ensure high customer satisfaction by offering competitive, value-for-money products using a transparent and needs-based sales process, supported by exceptional ongoing customer service.
- Contribute materially to CIB's revenue base with strong sales growth, high policy persistency, and maximization of synergies with CIB affiliate companies. ■

The artist uses bold explosions of color to leave an impression of the flow of events and memories.

Samar Ahmed Mohamed

(mixed media, 2011)

Falcon Group

Falcon Group (F.G.) is a joint venture between Commercial International Bank (CIB), the Private Fund of the Employees working at the CIB, and other partners. The Group's shareholders include CIB (40%), the Private Fund of the Employees (16%), and Al Ahly for Marketing and Services (6%), while other shareholders hold the remaining 38%.

Product Type

Falcon Group holds seven companies engaged in the provision of the following products and services:

1. Falcon Security Services Co.

- Properties and premises protection
- Public event security
- Personal protection
- Security dogs
- Corporate security training courses
- Lady guards
- Safety training

2. Falcon for Money Transfer Services

- Cash management and transit
- ATM services
- Money processing
- Valuables transfer

3. Falcon Tech. for Technical Services and Security

- Security surveillance equipment
- Counter-surveillance equipment
- Access control equipment
- Fire systems
- Safety equipment
- Securing fences

4. Falcon for Public Services and Project Management

- Cleaning and maintenance
- Project management
- Pest control
- Planting and trimming
- Commercial affairs
- Cloth manufacturing
- Car maintenance
- Marketing, delivering, filling and packaging services
- Organizing exhibitions, conferences and events
- Catering

5. Falcon Blue for Touristic Services

- Booking international and domestic flights
- Booking international and domestic hotels
- Visa handling
- Meet and assist
- Medical insurance for travel
- Assistance in tracing lost baggage
- Tour arrangement for groups and individuals
- Hajj and Umrah arrangements

6. Falcon for Appraisal and Debt Collection

- Debt management services
- Legal services
- Concierge services

7. F.I. for Labor Recruitment

- Labor recruitment in foreign countries
- Facilitation of visas and residency documents

Target Market

There is a growing market for superior managed service and security products. Companies in the tourism, banking and commercial sectors, as well as NGOs, have bolstered demand for premier security and property management services. With its classification as best-in-class from UN Department of Safety and Security and a broad suite of services, Falcon Group is uniquely positioned to satisfy this demand.

As the market for managed services continue to evolve, Falcon Group is growing and adapting its service portfolio to meet client needs, working together with its sister companies to build its reputation for high-quality tailored services.

2011 Performance

- Falcon Group demonstrated its trustworthiness during recent events in Egypt, a key factor in recording growth that was 50% above target for the year.
- Falcon Group partnered with the Arab Contractors to establish Nahdet Misr for Environmental Services.
- Group turnover increased 26% to EGP 71.89 million.

Forward Strategy

The events of January 2011 transformed consumer behavior and market conditions in Egypt. In light of ongoing events, the Falcon Group will focus on developing the quality of its security services by enhancing the training of guards and updating security equipment to offer our customers optimal solutions in line with the latest in global hi-tech innovation.

Falcon Group plans to bolster Egypt's tourism industry by organizing international events to attract visitors to the country. The Group will also continue its commitment to corporate citizenship via targeted initiatives in the Egyptian community.

Our employees remain the foundation of our success, and we plan to honor their contribution by expanding our offerings in the areas of pension plans and death and disability insurance to ensure that our benefit packages remain attractive to current and prospective employees. ■

Corporate Leasing Company Egypt (CORPLEASE)

CORPLEASE is a leading non-bank financial institution providing a broad range of financial leasing products to the corporate sector. The company has been actively operating since 2004 and now stands as one of the three leading companies by turnover in the sector.

Since inception, CORPLEASE has adopted conservative credit underwriting and risk management principles which have resulted in a well-diversified and high-quality portfolio that reacted well to the changes in the business environment of 2011.

2011 Performance

The political and economic developments of 2011 had a significant impact on the operating environment. Nevertheless, CORPLEASE was able to achieve significant new bookings of new lease transactions which increased the company's market share of new lease business in 2011 to c.30%. The quality of the company's lease portfolio remains robust, with a collection rate in excess of 97%.

The company emphasized the strength and liquidity of its balance sheet during 2011 and, as a matter of prudence, increased its paid-in capital by EGP 45 million.

This year witnessed the inauguration of a CORPLEASE branch in Assiut, the company's fourth. Assiut now operates alongside offices in Cairo, Alexandria and Mansoura. The addition of the Assiut branch underscores the company's confidence in the prospects of its market.

In 2011, CORPLEASE earned an award for "Best Securitization Deal in EMEA" from EMEA Finance for its third asset-backed securitization, an EGP 538 million instrument. The company is the first Egyptian institution to be so recognized. ■

Doaa Hamed Khalil
(computer graphic, 2011)

Corporate Governance

EFFECTIVE GOVERNANCE NOT ONLY ENHANCES INVESTOR CONFIDENCE IN THE BANK AND PROVIDES IT WITH A COMPETITIVE ADVANTAGE TO ATTRACT DOMESTIC AND FOREIGN CAPITAL, BUT ALSO HELPS IN WITHSTANDING ECONOMIC DOWNTURNS.

CIB's Board of Directors sets the Bank's overall strategy and ensures that controls are in place to deliver maximum value to all stakeholders, including shareholders, customers, employees and the community.

It has been demonstrated over and over that effective corporate governance in banks not only enhances investor confidence in the Bank and provides it with a competitive advantage to attract domestic and foreign capital, but also helps in withstanding economic downturns.

In CIB, corporate governance is an issue that rates high on our list of priorities, both in terms of the alignment of interests of shareholders and managers and the monitoring of management through the dissemination of information and transparent reporting. In fact, corporate governance is the underlying framework within which the five-year plan is being implemented. Parting from our firm commitment to the continued steady implementation of corporate governance policies and practices, we have developed a sound reporting system that guarantees timely, transparent and accurate disclosure with respect to material matters regarding the Bank, its ownership, operations and financial performance. The Bank also advocates the equal treatment of all shareholders and the protection of their voting rights.

We take pride in our strong corporate governance structures, which include an experienced team of professional executive directors and senior management, competent board committees, as well as a distinguished group of non-executive directors who truly believe that while business requires mandated laws and rules, these can never substitute for ethical behavior and voluntary compliance.

CIB's highly qualified Board of Directors is supported by internal and external auditors, as well as other internal control functions (Risk, Compliance, and Internal Audit), and effectively utilizes the work carried out by those functions to ensure that the Bank adheres to international best practices in corporate governance. CIB also changes auditors every five years to ensure objectivity and exposure to new practices.

In line with new CBE directives on corporate governance as well as international best practices that have seen many companies worldwide increasingly separating the roles of chairman and chief executive officer, and in view of the Bank's upcoming aggressive growth plan, CIB's Board decided to appoint a managing director to be responsible for managing and directing the Bank's business lines and ensuring smooth day-to-day running of the Bank and execution of strategy approved by the Board.

In 2011, Mr. Hisham Ramez Abdel Hafez was appointed as Vice Chairman and Managing Director of the Bank to carry out the aforementioned responsibilities creating more space for the Chairman to focus on the strategic direction of the Bank.

The Board of Directors

One of our key strengths is our prominent Board of Directors which is considered the ultimate decision-making body of the bank. The Board is composed of nine members; two are executive and seven non-executive members with a diversified knowledge base and a balanced skill set that gives CIB a distinct competitive edge. The Board focuses primarily on long-term financial returns for the best interest of CIB's stakeholders who are essential to a successful business: customers, shareholders and employees of the Bank as well as the community in which the Bank operates. Moreover, the Board's role is to set the Bank's values, strategy and key policies, along with pursuing and maintaining its long-term success. Such role is done through providing entrepreneurial leadership, sound strategies and risk management oversight ensuring that risks are assessed and properly managed. The Directors meet at least six times per annum for open discussion on the areas that are important to shareholders. Over the course of 2011, CIB's Board has met seven times. CIB's Board of Director's has five standing committees that are provided with all necessary resources to enable them to carry out their duties in an effective manner. Being the single largest shareholder in CIB, Actis — an emerging market private equity specialist — currently owns 9.20% of CIB's shares and has a representative on the Board.

Mr. Hisham Ezz Al-Arab

- *Chairman and Managing Director*
- *Chairman of the Management Committee*

Mr. Hisham Ezz Al-Arab has been leading CIB since 2002 as Chairman and Managing Director. During these years, Mr. Ezz Al-Arab has accelerated the Bank's strategic progress, positioning it as Egypt's most profitable financial institution.

Mr. Ezz Al-Arab joined CIB as Deputy Managing Director in 1999 with a vision to transform CIB from a niche corporate bank into Egypt's leading financial services group catering to the needs of both retail and corporate customers. He has been a member of organizations including the Federation of Egyptian Industries and has been a principal member of the American Chamber of Commerce in Egypt. Mr. Ezz Al-Arab is also a member of Master Card's South Asia, Middle East and Africa Region Advisory Board and serves as Chairman of the Board of Trustees of CIB Foundation.

Prior to joining CIB, Mr. Ezz Al-Arab led a distinguished banking career as Managing Director in international investment banks in London (Deutsche Bank, JP Morgan and Merrill Lynch), Bahrain, New York and Cairo.

Mr. Hisham Ramez Abdel Hafez

- *Vice Chairman and Managing Director*
- *Chairperson of the High Lending and Investment Committee*
- *Member of the Board Risk Committee*
- *Member of the Management Committee*

Mr. Ramez has over 29 years of experience in international banking with a strong track record in the areas of Asset and Liability Management, Investment Banking and Risk Management. He joined CIB in December 2011 as Vice Chairman and Managing Director. Mr. Ramez brings to his new role a wealth of knowledge that he has gained from a distinguished career with various local and international banks.

Prior to joining CIB, Mr. Ramez was most recently the Deputy Governor and Vice Chairman of the Central Bank of Egypt (CBE) from July 2008 to November 2011.

His professional career began in 1982 as a foreign exchange and money market trader with Bank of America in Cairo. From there he moved on to become a senior trader with Bank of America in Bahrain before assuming the post of Vice President of the Arab Banking Corporation, also in Bahrain. In 1996, Mr. Ramez returned to Egypt, where he became the General Manger and later CEO of the Egyptian Gulf Bank, a post he held until 2006. From December 2006 until June 2008 Mr. Ramez was the Chairman and Managing Director of the Suez Canal Bank.

He is a board member of the Arab Monetary Fund, the Egyptian American Business Council, Egyptian Financial Supervisory Authority, the Egyptian Stock Exchange, National Bank for Investment, the Coordinating Council of the Government of Egypt and CBE, Anti-Money-Laundering Unit, National Organization for Social Insurance, Monetary Policy Committee of the CBE, and the Egyptian Banking Institute. Mr. Ramez is also the non-executive Chairman of the Arab International Bank.

Mr. Essam El Wakil

- *Non Executive Board Member*
- *Member of the Board Risk Committee*
- *Member of the Governance & Compensation Committee*

Mr. El Wakil is a renowned banker with over 36 years of experience in the financial industry, including Treasury & Capital Markets, Corporate, Project & Trade Finance, Islamic Banking and Investment Banking.

Mr. El Wakil has served in various prominent banks such as but not limited to: National Bank of Egypt, Arab International Bank-Egypt and Arab Banking Corporation (ABC) Group in Egypt, Singapore, New York, London and Bahrain where he spent almost

Karim Helmy
(painting, 2011)
CIB permanent collection

28 years. Also, he held several senior banking positions and directorships in both Islamic and Commercial banks throughout the MENA region.

In 2008 Mr. El Wakil joined CIB family as CEO for Institutional Banking. In May 2009, he was appointed to lead, as a Non Executive Chairman, CI Capital (the CIB Investment Arm). In October 2011, Mr. El Wakil became a Non Executive Board Member.

Dr. William Mikhail

- *Non Executive Board Member*
- *Chairperson of the Audit Committee*
- *Member of the Governance & Compensation Committee*

Dr. Mikhail is a professor of Econometrics at the American University in Cairo (AUC). He obtained his PhD from the London School of Economics, in 1969. He served as an associate professor of Statistics and Econometrics at Cairo University in 1970s.

In addition to his academic career, Dr. Mikhail worked at the Ministry of Planning, London School of Economics, Dar Al-Handasah Consultants in Rabat, Morocco and in Amman, Techno-Economics Division of Kuwait Institute for Scientific Research, UN Development Program, and UNDESD. Dr. Mikhail has published extensively on econometric theory and applied econometrics in international journals, and supervised many PhD and MA theses both at Cairo University and AUC.

Mr. Mahmoud Fahmy

- *Non Executive Board Member*
- *Member of the Audit Committee*
- *Member of the Governance & Compensation Committee*

Counselor Fahmy is a renowned Egyptian lawyer, an international arbitrator and an Attorney at Law admitted to the Bar of Civil, Commercial and Criminal Cassation Courts, the Supreme Administrative Court and the Supreme Constitutional Court. He is also a member of the General Assembly of Public Sector's Banks at the Central Bank of Egypt, a member of the Egyptian Businessmen's Association and head of its Investment and Economic Legislation Committee, Chairman of the Egyptian Legal Association, Chairman of Corporate Leasing Co. Egypt (CORPLEASE), and Chairman of The Egyptian Leasing Association. He previously served as the Chairman of the Capital Market Authority.

Currently Mr Fahmy is the founder of Fahmy's Law Office for Legal Profession, Legal Consultation, Arbitration, Investment and Capital Markets.

Dr. Nadia Makram Ebeid

- *Non Executive Board Member*
- *Chairperson of the Governance & Compensation Committee*

Dr. Nadia Makram Ebeid is the Executive Director of the Centre for Environment and Development for the Arab Region and Europe (CEDARE), an international diplomatic position which she has held since January 2004. For a

period of five years beginning in 1997, Dr. Ebeid served as Egypt's first Minister of Environment, the first woman to assume this position in the Arab World.

Early in her career, Dr. Ebeid held several managerial posts with the United Nations Development Program (UNDP), the United Nations Food and Agriculture Organization's Regional Office for the Near East, and the Council for Environment and Development Research. In recognition of her role in environmental policy and advocacy, Dr. Ebeid has been awarded numerous awards and distinctions from local and international NGOs, leading institutions and associations.

Dr. Medhat Hassanein

- *Non Executive Board Member*
- *Member of the Audit Committee*
- *Member of the Governance & Compensation Committee*

Dr. Medhat Hassanein, Egypt's former Minister of Finance (1999-2004), is a professor of Banking and Finance with the Management Department of the School of Business, Economics & Communication at the American University in Cairo.

Dr. Hassanein is a senior policy analyst with long experience in institutional building, macro-policy analysis, financial economic, corporate finance and international financial management. He has previously served as advisor to government, high-level advisory bodies and the donor community. During his term as Minister of Finance, he developed and instituted the second generation of fiscal public policy reforms for the Government of Egypt.

Dr. Hassanein has also served as Chairman and Board Member in public holding companies, private corporations and many respected banks in Egypt, last of which was HSBC Egypt (2004-May 2009) where he chaired its Audit Committee.

Dr. Hassanein obtained his BA in Economics from Cairo University (with Honors). Dr. Hassanein holds an MBA from New York University (with Distinction) and a PhD from Wharton School, University of Pennsylvania, USA.

Mr. Paul Fletcher

- *Non Executive Board Member*
- *Member of the Governance & Compensation Committee*

Mr. Fletcher is a Senior Partner of Actis, leading the firm from its London headquarters, which he joined in 2000. Originally a banker with Cargill, Banker's Trust and Swiss Bank Corporate, Mr. Fletcher transitioned into corporate finance in the early 1990s with a role at Citibank.

At Citibank, he led the East African operations, becoming Head of Emerging Markets Strategic Planning. With two decades of experience in emerging markets, Mr. Fletcher's career has spanned Kenya, Tokyo, New York, and London.

Mr. Fletcher is a Founding Director of the Emerging Markets Private Equity Association (EMPEA). He holds a Masters in Geography from Oxford University.

Banking on Infrastructure

40bn

Estimates suggest Egypt needs up to USD 40 billion in fresh investment in infrastructure including roads, water, bridges and petroleum refining capacity in the next 10 years. As the bank of choice for leading Egyptian corporations, we will play a role — from participation in syndicated facilities to innovative quotidien solutions.

Karim Helmy
(painting, 2011)
CIB permanent
collection

Mr. Robert Willumstad

- *Non Executive Board Member*
- *Chairperson of the Board Risk Committee*
- *Member of the Governance & Compensation Committee*

Mr. Willumstad is the Co-founder and Partner of Brysam Global Partners since 2007. He served as – in 2007 till 2008 - the Non Executive Chairman and the CEO of American International Group (AIG). In October 1998 Mr. Willumstad Joined Citigroup, where he played a critical role in its creation, named its president in 2002, joined its Board of Directors and became Citigroup's Chief Operating Officer till July 2005.

Prior to Citigroup, a history making combination of the former Travelers Group and Citicorp, Mr. Willumstad has spent 20 years with Chemical Bank and 11 years with Commercial Credit and its successor companies.

Mr. Willumstad is a Director of S.C Johnson & Son, Inc. and a trustee in both the American Scandinavian Foundation and Adelphi University.

The Board of Directors' Committees

The following sub-committees assist the Board in the taking over and fulfilling its responsibilities:

Audit Committee

The Committee's mandate is to ensure compliance with the highest levels of professional conduct, reporting practices, internal processes and controls. Consistent with the interests of all stake holders, the Audit Committee also insists on high standards of transparency and strict adherence to internal policies and procedures. In performing its critical functions, the Committee is cognizant of the important role CIB plays in the Egyptian financial sector as a leader in all of the aforementioned areas. The Audit Committee has met five times throughout the course of 2011.

The Governance and Compensation Committee

The Governance and Compensation Committee (GCC) is an integral part of the overall responsibilities of the Board of Directors. As such, and in line with CIB's corporate governance framework, the GCC is responsible for establishing corporate governance standards, providing assessment of Board effectiveness and determining the compensation of members of the Board. The Committee also determines the appropriate compensation levels for the Bank's senior executives and ensures that compensation is consistent with the Bank's objectives and performance, strategy and control environment. The Governance and Compensation Committee (GCC) has met two times throughout the course of 2011.

The Risk Committee

The primary mission of the Risk Committee is to assist the Board in fulfilling its oversight risk responsibilities by establishing, monitoring and reviewing internal control and risk management systems to ensure that the Bank has the proper focus on risk. It also recommends to the Board the Bank's risk strategy with all its associated limits. The Risk Committee has met four times throughout the course of 2011.

The Management Committee

The Management Committee is an Executive committee chaired by the Chairman and Managing Director and is composed of the Vice Chairman and Managing Director, CEO Institutional Banking, CEO Consumer Banking and the COO. The Management Committee is responsible to execute the strategy of the Bank which has been approved by the Board. It manages the day-to-day functions of the Bank to ensure alignment with strategy, effective controls, risk assessment and efficient use of resources in the Bank. The committee adheres to high ethical standards and ensures compliance with regulatory and internal CIB policies. The committee also provides the Board with regular updates on the Bank's financial and business activity reports as well as key issues. The Management Committee has met twelve times throughout the course of 2010.

The High Lending and Investment Committee

The committee is an Executive Committee chaired by the Vice Chairman and Managing Director and members of the Bank's key senior executives. The High Lending and Investment Committee is responsible for managing the assets side of the balance sheet; keeping an eye on the assets allocation, quality and development. As per its mandate, the High Lending and Investment Committee has convened once every week throughout 2011.

Hoda Magdy Fouad
(drawing, 2011)

Chief Executive Officers

Mr. Hisham Ezz Al-Arab

Chairman and Managing Director

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Prior to joining CIB, Mr. Ezz Al-Arab led a distinguished banking career as Managing Director in international investment banks in London (Deutsche Bank, JP Morgan and Merrill Lynch), Bahrain, New York and Cairo.

Mr. Hisham Ramez Abdel Hafez

Vice Chairman and Managing Director

Mr. Ramez has over 29 years of experience in international banking with a strong track record in the areas of Asset and Liability Management, Investment Banking and Risk Management. He joined CIB in December 2011 as Vice Chairman and Managing Director. Mr. Ramez brings to his new role a wealth of knowledge that he has gained from a distinguished career with various local and international banks.

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His professional career began in 1982 as a foreign exchange and money market trader with Bank of America in Cairo. From there he moved on to become a senior trader with Bank of America in Bahrain before assuming the post of Vice President of the Arab Banking Corporation, also in Bahrain. In 1996, Mr. Ramez returned to Egypt, where he became the General Manger and later CEO of the Egyptian Gulf Bank, a post he held until 2006. From December 2006 until June 2008 Mr. Ramez was the Chairman and Managing Director of the Suez Canal Bank.

He is a board member of the Arab Monetary Fund, the Egyptian American Business Council, Egyptian Financial Supervisory Authority, the Egyptian Stock Exchange, National Bank for Investment, the Coordinating Council of the Government of Egypt and CBE, Anti-Money-Laundering Unit, National Organization for Social Insurance, Monetary Policy Committee of the CBE, and the Egyptian Banking Institute. Mr. Ramez is also the non-executive Chairman of the Arab International Bank.

Mr. Mohamed Abdel Aziz El Toukhy

Chief Executive Officer, Consumer Banking

Mr. Mohamed Abdel Aziz El Toukhy is leading the transformation of the organization into a modern Consumer Banking franchise.

Mr. Touhky joined the Commercial International Bank in 1979 in the Trade Finance Department and has since risen through the ranks, occupying positions in Operations, Branch Management and Corporate Banking. In July 2006, he was promoted to General Manager (Consumer Banking) and has since then led the CIB Branch Network and Retail Banking areas to unprecedented success. CIB

- Chairman & Managing Director
  - Vice Chairman and Managing Director
    - CEO Consumer Banking
    - CEO Institutional Banking
    - Chief Operating Officer
  - Compliance
  - Legal
  - Risk Exposure Management
  - CBE Relations & Standard Operating Procedures
  - Audit
  - Global Customer Relations
  - Strategic Planning
  - Information Technology

branches have grown in number to 154 covering all key governorates of Egypt.

Under his stewardship, all of the Bank's Asset and Liabilities businesses are on solid growth trajectories and CIB has taken leadership positions in credit cards, auto loans, personal loans, current and saving accounts, time deposits, certificates of deposit and investment / insurance products.

In bottom-line terms, the Consumer Bank has grown from accounting for only 10% of the Bank's net income in 2006 to over 38% in 2011.

Under Mr. Toukhy's leadership, CIB's Branch Network and Retail Banking Group grew to close 2011 with a Consumer Banking balance sheet of over EGP 49.5 billion in customer deposits.

Mr. Hussein Abaza

Chief Executive Officer, Institutional Banking

Mr. Hussein Abaza assumed his duties as CEO of Institutional Banking in October 2011. Prior to taking over Institutional Banking, Mr. Abaza was CIB's Chief Operating Officer, Chairman of CIAM and a member of the High Lending and Investment Committee, the Board Risk Committee, and the Board of the CI-Capital Holding Company.

In addition to those positions, he has a long history at CIB where, as General Manager and Chief Risk Officer, he was responsible for bank-wide Credit, Market and Operational Risk, and Investor Relations. Outside of CIB, Mr. Abaza worked as Head of Research at EFG-Hermes Asset Management from March 1995 until October 1999. He holds a BA in Business Administration from the American University in Cairo (1984) and began his career at Chase National Bank of Egypt. He is a veteran of training opportunities in Belgium, Switzerland, London and New York.

Mr. Omar Khan

Chief Operating Officer

Mr. Khan joined the Commercial International Bank in 2008 and currently holds the position of Chief Operating Officer. Before joining CIB, Mr. Khan has had diversified banking experience in branch management, service and quality, treasury, asset liability management, market risk, as well as strategic planning and finance. He has worked in the Middle East, Europe and Asia with leading institutions including Citibank, ABN AMRO and Royal Bank of Scotland.

Mr. Khan has, in his career with CIB, been responsible for Execution of Change Management, Strategic Management, Business Support, CFO, Deputy COO, Process Reengineering and Enhancing Productivity, Balance Sheet Management and improving the HR Agenda. ■

Germeen Salah
(painting, 2011)

Corporate Social Responsibility

Our commitment to corporate social responsibility (CSR) is based on a firm belief that businesses have a duty to give back to their communities. The broad footprint that CIB has established throughout Egypt gives us the unique opportunity to come into direct contact with millions of Egyptians. This presence has allowed us to devise a unique hands-on approach to CSR which directly addresses the needs of local communities. Our diverse programs are based on six key areas.

Shafik Ayaad
(*drawing, 2011*)

Community Development

CIB's approach to community development is clearly visible across its various lines of business and corporate activities. In 2011 the Bank launched **"El Kheir Certificates of Deposit"** which give clients the choice to donate their returns to the CIB Foundation or one of CIB's listed fundraising organizations. We have also expanded our Fundraising Service to include over 30 non-governmental organizations (NGOs). The main role of the fundraising service is to help charitable organizations support those who are in need by collecting donations through CIB. We also provide the NGOs with services to help them promote themselves through our communication channels.

For the sixth consecutive year, CIB sponsored **Students in Free Enterprise (SIFE)**, an international organization that mobilizes university students to make a difference in their communities while developing the necessary skills to become socially responsible business leaders. To further strengthen our ties to the community and help develop a new generation of business leaders, CIB sponsored the fifth annual **Harvard Arab Weekend** and the **American University in Cairo's Employment Fair** to attract and recruit young Egyptian talent living in Egypt and the United States.

Supporting arts and culture has always been a focus of CIB's corporate social responsibility programs. This year, the Bank established the **Italian Library** at the Alson School in Ein Shams University. The project, an initiative of the Italian Cultural Center in collaboration with the University, aims to promote the concept of "culture and knowledge through reading" amongst students and faculty of the Alson School. As the sole benefactor of the Italian Library, CIB financed the basic infrastructure, furniture and the IT setup. The library now provides students with a place where they can read and study Italian Literature in a modern setting.

In 2011 CIB also developed a program with the Fine Arts Division at the Egyptian Ministry of Culture to support and inspire a new generation of young artists. With the support of CIB, a national art competition was held and the featured artwork was complied into a book sponsored by CIB under the name ***Egypt: The Promise.***

CIB also participated in the **"Buy Egyptian Products"** campaign by supporting Egyptian exporters with a 50% discount on fees and commission for Export LCs and ODCs as well as other discounts for clients when purchasing Egyptian products with CIB credit cards.

Employee Satisfaction

Meeting employee expectations and maximizing levels of on-the-job satisfaction was a critical component of our success this year.

Our Human Resources Division successfully conducted an **employee engagement survey** based on Hay Group's employee effectiveness framework. The survey includes: employee performance, employee retention, customer satisfaction and financial success. CIB achieved an 82% response rate — higher than the average response rate achieved by Hay Group clients. All Survey results were shared with the relevant lines of business and accordingly action plans were put in place to resolve staff concerns. CIB will conduct another survey in 2012 to measure progress against 2011 results. We have also created a suggestion box to address any staff concerns, which will subsequently be tackled by our newly established **Staff Issue Committee**.

In the area of training and development we launched the **Consumer Banking Leadership Program**, a program specifically designed for the consumer banking industry to bolster new talent in Egypt. This initiative is now running alongside our two pre-existing management trainee programs — the **Leadership and Management Program (LAMP)** and the **Management Associates Development Program (MADP)**. All three programs are proving highly effective in developing the leadership and management skills of our employees across all areas of our organization.

A number of **work-life balance initiatives** were undertaken in 2011. These include new regulations to limit the working hours of employees, as well as initiatives encouraging healthier lifestyles, including special discounts for CIB employees at sports centers and gyms.

During the January 25th Revolution senior management decided to provide staff members with a 15% **social allowance increase** as a result of an annual compensation survey which was carried out with two international companies. Survey results revealed that some positions had low take home salaries while the variable components of compensation were much higher than market averages. The survey also revealed that CIB offers the best benefits in areas such as employee loans and social insurance funds. In addition, CIB's medical coverage policies were revised in 2011 and broadened to include spouses and children.

CIB's Code of Conduct Policy calls for equal opportunity, a level playing field and fair treatment for all employees. It also provides protection against any form of harassment and intimidation. The Bank also uses a "Whistle Blowing" policy whereby staff can confidentially raise concerns about possible irregularities.

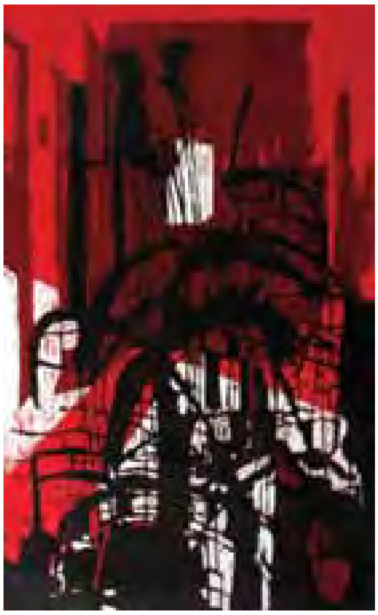
Environmental Awareness

One of our main objectives in 2011 was to launch the **CIB Going Green Program** in our head offices. Our aim for the program is to encourage environmentally-friendly practices and attitudes among our head office employees, with a view toward extending and rolling out the program throughout our branches. We also developed a new set of safety and security measures by creating a new unit dedicated to improving general safety levels and training employees in this area. During the revolution, CIB developed a **Clean Streets Campaign** to encourage employees to participate in cleaning and decorating the streets of Cairo.

CIB has started a strategic initiative to adopt the **Equator Principles** for determining, assessing and managing social and environmental risk in project finance loans and investments of USD 10 million or more. The Equator Principles are based on IFC performance standards on social and environmental sustainability and on the World Bank's general environmental and health and safety guidelines. The fundamentals of a social and environmental management policy have been developed and the necessary training for 150 CIB credit officers has been conducted. We are currently undergoing the testing phase of the program and plan to go live in 2012 after obtaining approval from the Equator Principles Association.

Outstanding Customer Experience

At CIB, our customer service standards set us apart from our competitors. We believe that industry-leading customer service earns CIB the trust and loyalty of our customers. Our objective is to provide best in-class levels of service, a goal that the Bank has been focused on since 2007. In 2011, CIB focused on initiatives to improve our customer experience by first listening to customer



The free movement of poured colors produces the unexpected and is then formed with lines, shadows and surfaces.

Walaa Helal

(graphic, 2011)

Banking on People

87 mn

CIB's talented, creative staff of 4,845 deliver world-class service and innovative solutions in Egypt — home to the Arab world's largest population with 87.4 million people. CIB serves 567,134 existing clients including SMEs, individuals and major enterprises, while bringing into the banking system the millions of un-banked citizens.

feedback on our service performance through professional customer satisfaction surveys, and secondly by developing new programs that improve our levels of service. A "Service Super Star" competition was held to reward outstanding staff performance.

Meeting Shareholder Expectations

CIB's Board is composed of a majority of seven non-executives and two executive directors. The diversity of backgrounds and experience among members provides a distinct added value. The Board is continuously updated with the Bank's performance from all aspects and reviews it against the Bank's strategic plan. Disclosure of financial as well as non-financial data is always taking place to ensure transparency and commitment towards CIB's shareholders, customers, employees and any other stakeholders.

Corporate Governance related issues demonstrated high levels of compliance with the new CBE Corporate Governance Guideline for Egyptian Banks. The Bank ensures the independence of its compliance and risk management functions, reflecting a high level of internal control.

Customer Satisfaction is a top priority for CIB. Complaints are handled with the utmost care through our Customer Care Unit and Complaints Investigation Division under Compliance, with root causes identified and solved in the best possible timeframe, ensuring customer satisfaction.

Community Health

CIB sponsors regular **blood donation programs** to help increase the much-needed supply of blood in the country. Due to political circumstances in 2011 the Bank's blood donation campaigns were limited to only one. Under the supervision of the Ministry of Health, CIB conducted a five-day blood donation campaign across select branches in Cairo, Giza and Alexandria.

The CIB Foundation

مـؤسســـة البنــك التجـــاري الدولـــي
COMMERCIAL INTERNATIONAL BANK FOUNDATION

The CIB Foundation is a non-profit organization dedicated to enhancing health and nutritional services for underprivileged children in Egypt. It was established in May 2010, after the Bank made a unanimous decision to move towards more sustainable development initiatives that would result in long-term positive change for the country.

With the generous support of CIB shareholders, the Bank channels an ongoing allocation of 1% of its annual net profit to the Foundation. In 2011, this amount amounted to over EGP 20 million.

The Foundation's short and long term goals include purchasing medical equipment for hospitals, renovating and upgrading hospital infrastructure, and providing surgical and medicinal treatment to underprivileged children. The Foundation also aims to assist with school nutrition programs, support children with special needs, and raise community awareness of health and nutrition-related issues.

To support ongoing projects, the CIB Foundation has a dedicated account that may accept donations from the Bank's stakeholders. One hundred percent of the donations made to the account go towards the implementation of child development projects. Through the coordinated efforts of both Foundation staff and dedicated CIB volunteers, the Foundation ensures its resources are spent efficiently to reach the greatest number of beneficiaries.

CIB Foundation Programs in 2011

In 2011 the Foundation partnered with and supported numerous organizations including:

Children's Cancer Hospital 57357

In 2009, CIB entered into a five-year partnership with the Children's Cancer Hospital 57357 that has seen the Bank donate EGP 2 million to the hospital each year. When the CIB Foundation was subsequently established in 2010, it immediately assumed the role of donor to the Hospital. In January 2011, an EGP 2 million donation was made by the Foundation to cover the Hospital's general operating expenses.

Faculty of Oral and Dental Medicine – Cairo University

In 2010, CIB donated EGP 2.8 million to the Faculty of Oral and Dental Medicine at Cairo University for the purchasing of 56 dental units for the Faculty's Pediatric Ward. The Pediatric Ward treats roughly 2,700 patients a month free of charge, and is one of the only dental care service providers in Egypt for children with special needs. It is also on track to become a center of excellence where practical training programs for undergraduate, graduate, and continuing education level students can flourish. The donation was made in two equal tranches of EGP 1.4 million, with the second made in January 2011. The Ward opened its doors to the public on December 5th, 2011.

Magdi Yacoub Heart Foundation

The Magdi Yacoub Heart Foundation has been a long-standing partner of both CIB and the CIB Foundation. In January 2011, a protocol of cooperation was signed between the two foundations for the development and outfitting of a pediatric intensive care unit (PICU) in Building 2 of the Aswan Heart Centre. The new EGP 13 million PICU will provide state-of-the-art postoperative care to neonates, infants and children ranging in age from newborns to 16 years of age, completely free of charge. The CIB Foundation's donation will cover the costs associated with the Unit's medical and non-medical equipment. The Foundation will also have exclusive naming rights to the Unit, which is expected to open in mid-2012.

In December 2011, the CIB Foundation also allocated EGP 3 million to the Magdi Yacoub Heart Foundation to cover the costs associated with 50 pediatric open heart surgeries. The donation also provides opportunities for CIB staff members in Upper Egypt to volunteer time to spend with patients before and after their surgeries.

Friends of Abou El Reesh Children's Hospitals Organization

In November 2010, a protocol of cooperation was signed between the CIB Foundation and the Friends of Abou El Reesh Children's Hospitals Organization for the establishment of an intensive care unit (ICU) at the Abou El Reesh El Mounira Children's Hospital. The Foundation's donation was used to develop an eleven-bed unit, doubling the number of critical patients the hospital can accommodate. This new unit will operate alongside the

Sarah Hussein
(painting, 2011)

existing ICU, and will provide quality service and care to patients from across the country. The donation was made in two tranches, with the second tranche of EGP 3,119,750 donated in May 2011. The PICU opened its doors in February 2012.

The Friends of Abou El Reesh Children's Hospitals Organization turned once again to the CIB Foundation for support in funding the El Mounira Hospital's blood clinic. The number of children in Egypt with blood diseases is slowly climbing, and the hospital currently treats between 150 and 200 patients per day. These children include roughly 3,350 children with various forms of anemia, 160 children with hemophilia, 213 children with blood platelet deficiencies, 60 children with Gaucher's disease, and 240 children with undiagnosed cases. Each child who visits the hospital sits on a dilapidated chair for approximately four hours for every round of treatment they receive. The EGP 800,000 donated by the Foundation helped to upgrade the roughly 700 square meter blood clinic by restructuring the clinic to streamline movement and prevent overcrowding; as well as purchasing beds and chairs, providing adequate waiting areas for family members, providing additional computers to the clinic to develop an electronic patient database, and supporting blood donation campaigns to offset the current short supply of blood across Egypt.

Mahmoud Hospital

The CIB Foundation funded the outfitting of the Neonatal Intensive Care Unit at Mahmoud Hospital through the Mahmoud Mosque Organization. Mahmoud Hospital is part of a wider, well-known network of health care providers and offers lost-cost services to large numbers of patients each year. Mahmoud Hospital provides subsidized services to at least half of its patients, and often fully funds patients through the Mostafa Mahmoud Mosque's zakka board. The Foundation's donation of EGP 554,250 was used to purchase five incubators, five heart monitors, five infusion pumps, and one ventilator. The upgrades have allowed the staff to increase their operational capacity from 80% to 100%, and have also enhanced the quality of care at the hospital.

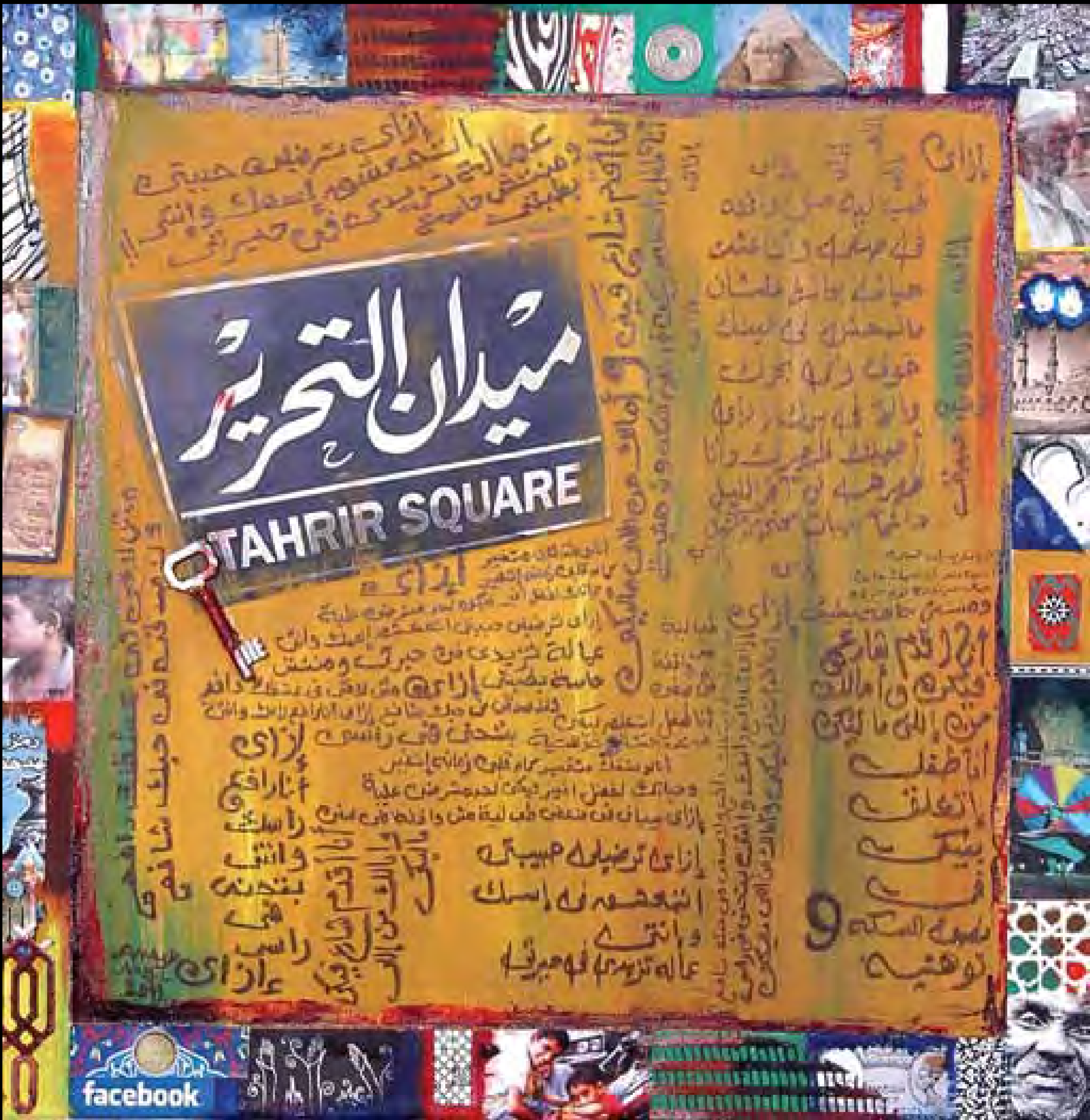
Gozour Foundation

The Gozour Foundation is the non-governmental organization (NGO) arm of the Center for Development Services (CDS). One of their major projects, in collaboration with the Magrabi Foundation, is conducting eye exam caravans that provide disadvantaged children (5-12 years old) enrolled in public schools in poor rural and urban areas in Egypt with free eye care services. The CIB Foundation's donation of EGP 180,000 in December 2011 covered the costs associated with six of these caravans. The caravans are designed to provide public school students with eye exams, eyeglass frames and lenses, eye medication, and further investigations in private hospitals for complex cases. Each caravan is fully equipped with exam machines, 25-30 doctors, nurses and coordinators. In addition, they have a fully equipped pharmacy and eyeglass shop. Each one-day caravan will target 450 children, with a total of 2,700 children receiving free eye exams and care by the end of the project. The project also presented many volunteer opportunities for members of the CIB family to engage with the local community and to spend time with the less fortunate.

Yahiya Arafa Children's Charity Foundation

The Yahiya Arafa Children's Charity Foundation is a long-standing partner of the CIB Foundation. In December 2011, the CIB Foundation donated EGP 1 million to the Yahiya Arafa Foundation for the upkeep of the three pediatric units at the Ain Shams University Hospital. The Yahiya Arafa Foundation has been instrumental in purchasing high-end equipment and training nurses and doctors. The Foundation has recently highlighted the fact that there is a constant need for financial support to maintain equipment and train doctors and nurses working in the Pediatric ward. The CIB Foundation strongly believes in ensuring the sustainability of its projects, and believes that supporting the Yahiya Arafa Foundation will ensure the smooth running of the previously supported units. The Foundation's donation will be used to cover the costs of human resource development, equipment maintenance, academic research and general operating expenses.

To read more about the projects that the CIB Foundation has helped support and ways in which you can donate, please visit ***www.cibfoundationegypt.org.***



Amany Nabil
(computer graphic, 2011)

Marwa Adel Attiya
(computer graphic, 2011)

Financial Statements

Allied for Accounting & Auditing E&Y
Public accountants & consultants

KPMG Hazem Hassan
Public accountants & consultants

AUDITORS' REPORT

To the Shareholders of
Commercial International Bank (Egypt)

Report on the separate financial statements

We have audited the accompanying separate financial statements of Commercial International Bank (Egypt) S.A.E, which comprise the separate balance sheet as at 31 December 2011 , and the separate 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 separate Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the 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 whether the separate financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Commercial International Bank (Egypt) as of December 31, 2011 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 & the financial statements, 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 December 31, 2011 no contravention of the central bank, banking and monetary institution law No. 88 of 2003.

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

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

Auditors

Emad Hafez Ragheb	Ehab Fawzy Akl
Egyptian Financial Supervisory Authority	Egyptian Financial Supervisory Authority
Register Number "42"	Register Number "96"
Allied For Accounting & Auditing E & Y	**KPMG Hazem Hassan**
Public Accountants & Consultants	**Public Accountants & Consultants**

Cairo, 22 February 2012

Commercial International Bank (Egypt) S.A.E
Separate Balance Sheet as of Dec. 31, 2011

	Notes	Dec. 31, 2011 EGP	Dec. 31, 2010 EGP
Assets			**Restated**
» Cash and balances with central bank	(15)	7,492,064,510	5,675,241,791
» Due from banks	(16)	8,449,298,705	6,769,607,397
» Treasury bills and other governmental notes	(17)	9,213,390,067	8,821,003,566
» Trading financial assets	(18)	561,084,273	1,422,038,841
» Loans and advances to banks	(19)	1,395,594,609	125,833,038
» Loans and advances to customers	(20)	39,669,785,864	35,048,707,895
» Derivative financial instruments	(21)	146,544,656	139,263,948
Financial investments	(22)		
» Available for sale		15,412,566,069	13,605,347,030
» Held to maturity		29,092,920	289,151,745
» Investments in subsidiary and associates	(23)	995,595,778	996,317,538
» Real estate investments	(24)	12,774,686	28,695,664
» Other assets	(25)	1,518,509,876	1,375,945,140
» Deferred tax	(33)	95,141,726	79,656,694
» Property, plant and equipment	(26)	636,775,294	716,071,158
Total assets		**85,628,219,033**	**75,092,881,445**
Liabilities and equity			
Liabilities			
» Due to banks	(27)	3,340,794,517	1,322,279,909
» Due to customers	(28)	71,574,047,530	63,479,883,624
» Derivative financial instruments	(21)	114,287,990	113,551,040
» Other liabilities	(30)	1,313,785,436	1,128,919,206
» Long term loans	(29)	99,333,376	129,113,425
» Other provisions	(31)	264,625,909	310,238,930
Total liabilities		**76,706,874,758**	**66,483,986,134**
Equity			
» Issued and paid in capital	(32)	5,934,562,990	5,901,443,600
» Reserves	(32)	1,085,472,868	396,687,711
» Reserve for employee stock ownership plan (ESOP)		137,354,419	149,520,859
» Retained earnings		15,105,920	20,231,298
Total equity		**7,172,496,197**	**6,467,883,467**
» Net profit of the year after tax		1,748,848,078	2,141,011,844
Total equity and net profit for year		**8,921,344,275**	**8,608,895,311**
Total liabilities and equity		**85,628,219,033**	**75,092,881,445**
Contingent liabilities and commitments			
» Letters of credit, guarantees and other commitments	(37)	12,559,603,516	11,879,748,713

The accompanying notes are an integral part of this financial statements.

Hisham Ramez Abdel Hafez
Vice Chairman and Managing Director

Hisham Ezz El-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E
Separate Income Statement for the year ended on Dec. 31, 2011

	Notes	Dec. 31, 2011 EGP	Dec. 31, 2010 EGP
			Restated
» Interest and similar income		5,459,248,277	4,521,390,287
» Interest and similar expense		(2,780,703,161)	(2,266,569,515)
Net interest income	(6)	**2,678,545,116**	**2,254,820,772**
» Fee and commission income		865,620,940	835,154,241
» Fee and commission expense		(87,451,431)	(84,876,559)
Net income from fee and commissions	(7)	**778,169,509**	**750,277,682**
» Dividend income	(8)	59,921,078	184,309,092
» Net trading income	(9)	330,958,993	433,251,040
» Profit from financial investments	(22)	75,063,911	102,559,206
» Administrative expenses	(10)	(1,336,701,608)	(1,187,939,938)
» Other operating (expenses) income	(11)	(85,530,954)	1,771,329
» Impairment charge for credit losses	(12)	(320,648,863)	(6,163,496)
Net profit before tax		**2,179,777,182**	**2,532,885,687**
» Income tax expense	(13)	(446,414,136)	(431,731,219)
» Deferred tax	(13) & (33)	15,485,032	39,857,376
Net profit of the year		**1,748,848,078**	**2,141,011,844**
Earning per share	(14)		
Basic		**2.44**	**3.00**
Diluted		**2.39**	**2.94**

Hisham Ramez Abdel Hafez
Vice Chairman and Managing Director

Hisham Ezz El-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E
Separate cash flow for the year ended on Dec. 31, 2011

	Dec. 31, 2011 EGP	Dec. 31, 2010 EGP
		Restated
Cash flow from operating activities		
» Net profit before tax	2,179,777,182	2,532,885,687
Adjustments to reconcile net profit to net cash provided by operating activities		
» Depreciation	185,074,214	179,021,238
» Assets impairment charges	322,276,483	6,783,757
» Other provisions charges	4,217,707	77,632,778
» Trading financial investments revaluation differences	61,887,578	(76,970,503)
» Financial investments impairment charge (release)	(60,754,172)	84,837,159
» Utilization of other provisions	(3,412,238)	(1,990,637)
» Other provisions no longer used	(48,748,110)	(178,037,726)
» Exchange differences of other provisions	2,329,620	7,340,620
» Profits from selling property, plant and equipment	(2,716,747)	(1,574,746)
» Profits from selling financial investments	(100,273,310)	(209,478,369)
» Profits from selling associates	(1,873,813)	96
» Exchange differences of long term loans	164,818	141,768
» Shares based payments	77,459,887	66,356,519
» Investments in subsidiary and associates revaluation	17,721,760	158,363,395
» Real estate investments impairment charges	400,000	7,800,000
Operating profits before changes in operating assets and liabilities	**2,633,530,859**	**2,653,111,036**
Net decrease (increase) in assets and liabilities		
» Due from banks	(1,857,455,963)	1,114,664,704
» Treasury bills and other governmental notes	(1,729,254,403)	492,012,203
» Trading financial assets	799,066,990	(964,447,656)
» Derivative financial instruments	(6,543,758)	49,107,482
» Loans and advances to banks and customers	(6,213,116,023)	(7,776,687,046)
» Other assets	(92,518,310)	(452,877,544)
» Due to banks	2,018,514,608	864,134,680
» Due to customers	8,094,163,906	8,637,253,781
» Other liabilities	(261,547,906)	(436,811,802)
Net cash provided from operating activities	**3,384,840,000**	**4,179,459,838**
Cash flow from investing activities		
» Purchase of subsidiary and associates	(18,000,000)	(16,452,199)
» Proceeds from selling subsidiary and associates	1,000,000	48,750
» Purchases of property, plant and equipment	(153,108,029)	(179,733,400)
» Redemption of held to maturity financial investments	270,175,192	311,446,590
» Purchases of held to maturity financial investments	(5,000,000)	(5,012,498)
» Purchases of available for sale financial investments	(4,535,816,258)	(9,474,625,202)
» Proceeds from selling available for sale financial investments	2,181,325,960	3,492,400,008
» Proceeds from selling real estate investments	15,520,978	5,989,700
Net cash generated from (used in) investing activities	**(2,243,902,157)**	**(5,865,938,251)**

Commercial International Bank (Egypt) S.A.E

Separate cash flow for the year ended on Dec. 31, 2011

	Dec. 31, 2011 EGP	Dec. 31, 2010 EGP
Cash flow from financing activities		
» Increase (decrease) in long term loans	(29,944,867)	35,734,615
» Dividend paid	(841,922,204)	(658,369,589)
» Capital increase	33,119,390	25,721,800
Net cash generated from (used in) financing activities	**(838,747,681)**	**(596,913,174)**
» Net increase (decrease) in cash and cash equivalent	302,190,161	(2,283,391,587)
» Beginning balance of cash and cash equivalent	7,778,944,041	10,062,335,629
Cash and cash equivalent at the end of the year	**8,081,134,202**	**7,778,944,042**
Cash and cash equivalent comprise		
» Cash and balances with central bank	7,492,064,510	5,675,241,791
» Due from banks	8,449,298,705	9,266,085,911
» Treasury bills and other governmental notes	9,213,390,067	8,821,003,566
» Obligatory reserve balance with CBE	(3,014,779,811)	(2,496,478,514)
» Due from banks (time deposits) more than three months	(5,237,471,784)	(6,394,795,631)
» Treasury bills with maturity more than three months	(8,821,367,485)	(7,092,113,081)
Total cash and cash equivalent	**8,081,134,202**	**7,778,944,042**

Commercial International Bank (Egypt) S.A.E

Separate statement of changes in shareholders' equity as of Dec. 31, 2011

Dec. 31, 2010	Capital EGP	Legal reserve EGP	General reserve EGP	Retained earnings EGP	Special reserve EGP	Reserve For A.F.S investments revaluation diff. EGP	Banking risks reserve EGP	Profits of the year EGP	Reserve for employee stock ownership plan (ESOP) EGP	Total EGP
Restated										
» Beginning balance	2,925,000,000	513,606,534	1,463,656,484	(1,942,684)	206,530,551	(106,589,600)	26,652,790	1,756,956,708	161,728,985	**6,945,599,768**
» Capital increase	2,976,443,600	(476,326,032)	(2,474,395,768)	-	-	-	-	-	-	**25,721,800**
» Transferred to reserves	-	87,847,835	1,089,303,930	-	-	-	-	(1,098,587,119)	(78,564,646)	**-**
» Dividend paid	-	-	-	-	-	-	-	(658,369,589)	-	**(658,369,589)**
» Net profit of the year	-	-	-	-	-	-	-	2,141,011,844	-	**2,141,011,844**
» Transferred to retained earnings	-	-	-	22,173,982	(22,173,982)	-	-	-	-	**-**
» Addition from financial investment revaluation	-	-	-	-	-	108,716,196	-	-	-	**108,716,196**
» Transferred to bank risk reserve	-	-	-	-	-	-	130,339,725	(130,339,725)	-	**-**
» Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	66,356,519	**66,356,519**
» The effect of changing accounting policies	-	-	-	-	-	(20,141,227)	-	-	-	**(20,141,227)**
Balance at the end of the year	**5,901,443,600**	**125,128,337**	**78,564,646**	**20,231,298**	**184,356,569**	**(18,014,631)**	**156,992,515**	**2,010,672,119**	**149,520,859**	**8,608,895,311**

Commercial International Bank (Egypt) S.A.E

Separate statement of changes in shareholders' equity as of Dec. 31, 2011

Dec. 31, 2011	Capital EGP	Legal reserve EGP	General reserve EGP	Retained earnings EGP	Special reserve EGP	Reserve For A.F.S investments revaluation diff. EGP	Banking risks reserve EGP	Profits of the year EGP	Reserve for employee stock ownership plan (ESOP) EGP	Total EGP
» Beginning balance	5,901,443,600	125,128,337	78,564,646	20,231,298	184,356,569	(18,014,631)	156,992,515	2,010,672,119	149,520,859	**8,608,895,311**
» Capital increase	33,119,390	-	-	-	-	-	-	-	-	**33,119,390**
» Transferred to reserves	-	106,216,559	1,155,710,314	-	1,574,746	-	-	(1,173,875,293)	(89,626,327)	**-**
» Dividend paid	-	-	-	(20,231,298)	-	-	-	(821,690,906)	-	**(841,922,204)**
» Net profit of the year	-	-	-	-	-	-	-	1,748,848,078	-	**1,748,848,078**
» Addition from financial investment revaluation	-	-	-	-	-	(705,056,187)	-	-	-	**(705,056,187)**
» Transferred to bank risk reserve	-	-	-	-	-	-	124,697,104	(124,697,104)	-	**-**
» Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	77,459,887	**77,459,887**
» The effect of changing accounting policies	-	-	-	15,105,920	-	-	-	(15,105,920)	-	**-**
Balance at the end of the year	**5,934,562,990**	**231,344,896**	**1,234,274,960**	**15,105,920**	**185,931,315**	**(723,070,818)**	**281,689,619**	**1,624,150,975**	**137,354,419**	**8,921,344,275**

Commercial International Bank (Egypt) S.A.E

Proposed appropriation account for the year ended on Dec. 31, 2011

	Dec. 31, 2011 EGP	Dec. 31, 2010 EGP
» Net profit after tax	**1,748,848,078**	**2,125,905,924**
Deduct:		
» Profits selling property, plant and equipment transferred to capital reserve according to the law	2,716,747	1,574,746
» Bank risk reserve	124,697,104	130,339,725
Available net profit for distributing	**1,621,434,227**	**1,993,991,453**
Add:		
» Retained earnings	15,105,920	20,231,298
Total	**1,636,540,147**	**2,014,222,751**
To be distributed as follows:		
» Legal reserve	87,306,567	106,216,559
» General reserve	743,027,061	1,066,083,988
» dividends to share holders (First tranche)	296,728,150	295,072,180
» dividends to share holders (Second tranche)	296,728,150	295,072,180
» Staff profit sharing	163,654,015	201,422,275
» Board members bonus	24,548,102	30,213,341
» CIB's foundation	24,548,102	20,142,228
Total	**1,636,540,147**	**2,014,222,751**

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate banking and investment banking services in various parts of Egypt through 110 branches, and 44 units employing 4495 employees at the balance sheet date.

Commercial International Bank (Egypt) S.A.E. was formed as a commercial bank under the investment law no. 43 of 1974. The address of its registered head office is as follows: Nile tower, 21/23 Charles de Gaulle street-Giza.
The bank is listed in the Egyptian stock exchange.

2. Summary of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The separate financial statements have been prepared in accordance with Egyptian financial reporting standards issued in 2006 and its amendments and in accordance with the Central Bank of Egypt regulations approved by the board of directors on December 16, 2008.

The separate financial statements have been prepared under the historical cost convention, as modified by the revaluation of trading, financial assets and liabilities held at fair value through profit or loss, available for sale investment and all derivatives contracts.

The separate and consolidated financial statements of the bank and its subsidiaries have been prepared in accordance with the relevant domestic laws and the Egyptian financial reporting standards, the affiliated companies are entirely included in the consolidated financial statements and these companies are the companies that the bank - directly or indirectly – has more than half of the voting rights or has the ability to control the financial and operating policies, regardless of the type of activity, the bank's consolidated financial statements can be obtained from the bank›s management. The bank accounts for investments in subsidiaries and associate companies in the separate financial statements at cost minus impairment loss.

The separate financial statements of the bank should be read with its consolidated financial statements, for the period ended on December 31, 2011 to get complete information on the bank's financial position, results of operations, cash flows and changes in ownership rights.

2.2 Subsidiaries and associates

2.2(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the bank has owned directly or indirectly the control to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the bank has the ability to control the entity or not.

2.2(b) Associates

Associates are all entities over which the bank has significant influence but do not reach to the extent of control, generally accompanying a shareholding between 20% and 50% of the voting rights.

The acquisition method of accounting is used to account for the purchase of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed, plus any costs directly related to the acquisition. The excess of the cost of an acquisition over the bank share of the fair value of the identifiable net assets acquired is recorded as goodwill. A gain on acquisition is recognized in profit or loss if there is an excess of the bank's share of the fair value of the identifiable net assets acquired over the cost of the acquisition.

The cost method is applied to account for investments in subsidiaries and associates, whereby, investments are recorded based on the acquisition cost including any goodwill, deducting any impairment losses, and dividends are recorded in the income statement in the adoption of the distribution of these profits and evidence of the bank right to collect them.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in Egyptian pound, which is the bank's functional and presentation currency.

(b) Transactions and balances in foreign currencies

The bank maintains its accounting records in Egyptian pound. Transactions in foreign currencies during the year are translated into the Egyptian pound using the prevailing exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the end of reporting period at the prevailing exchange rates. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following line items:

- Net trading income from held-for-trading assets and liabilities.
- Other operating revenues (expenses) from the remaining assets and liabilities.

Changes in the fair value of investments in debt instruments; which represent monetary financial instruments, denominated in foreign currencies and classified as available for sale assets are analyzed into valuation differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument.

Valuation differences resulting from changes in the amortized cost are recognized and reported in the income statement in 'income from loans and similar revenues' whereas differences resulting from changes in foreign exchange rates are recognized and reported in 'other operating revenues (expenses)'. The remaining differences resulting from changes in fair value are deferred in equity and accumulated in the 'revaluation reserve of available-for-sale investments'.

Exchange component of a gain or loss on a non-monetary item is recognized in equity if the gain or loss on the non-monetary item is recognized in equity. Any exchange component of a gain or loss on a non-monetary item is recognized in the income statement if the gain or loss on the non-monetary item is recognized in the income statement.

2.5 Financial assets

The bank classifies its financial assets in the following categories:

- Financial assets designated at fair value through profit or loss.
- Loans and receivables.
- Held to maturity investments.
- Available for sale financial investments.

Management determines the classification of its investments at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories:

- Financial assets held for trading,
- Financial assets designated at fair value through profit and loss at inception.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit making. Derivatives are also categorised as held for trading unless they are designated as hedging instruments.

Financial instruments, other than those held for trading, are classified as financial assets designated at fair value through profit and loss if they meet one or more of the criteria set out below, and are designated by management. The bank may designate financial instruments at fair value when the designation:

- Eliminates or significantly reduces measurement and recognition inconsistencies that would arise from measuring financial assets or financial liabilities, or recognizing gains and losses, on different bases. Under this criterion, an accounting mismatch would arise if the debt securities issued were accounted for at amortized cost, because the related derivatives are measured at fair value with changes in the fair value recognized in the income statement. The main classes of financial instruments designated by the bank are loans and advances and long-term debt issues.
- Applies to groups of financial assets, financial liabilities or combinations thereof that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and where information about the groups of financial instruments is reported to management on that basis.
- Relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments, including certain debt issues and debt securities held.

Any financial derivative initially recognized at fair value can›t be reclassified during the holding period. Re-classification is not allowed for any financial instrument initially recognized at fair value through profit and loss.

(b) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(a) Those that the bank intends to sell immediately or in the short term, which are classified as held for trading, or those that the bank upon initial recognition designates as at fair value through profit or loss;

(b) Those that the bank upon initial recognition designates as available for sale; or

(c) Those for which the holder may not recover substantially all of its initial investment, other than credit deterioration.

(c) Held to maturity financial investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the bank›s management has the positive intention and ability to hold till maturity. If the bank has to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale unless in necessary cases subject to regulatory approval.

(d) Available for sale financial investments

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

The following are applied in respect to all financial assets:

Debt securities and equity shares intended to be held on a continuing basis, other than those designated at fair value, are classified as available-for-sale or held-to-maturity. Financial investments are recognized on trade date, when the group enters into contractual arrangements with counterparties to purchase securities.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when the bank transfers substantially all risks and rewards of the ownership. Financial liabilities are derecognised when they are extinguished , that is, when the obligation is discharged, cancelled or expired.

Available-for-sale, held–for-trading and financial assets designated at fair value through profit and loss are subsequently measured at fair value. Loans and receivables and held-to-maturity investments are subsequently measured at amortized cost.

Gains and losses arising from changes in the fair value of the 'financial assets designated at fair value through profit or loss' are recognized in the income statement in 'Net income from financial instruments designated at fair value'. Gains and losses arising from changes in the fair value of available for sale investments are recognised directly in equity, until the financial assets are either sold or become impaired. When available-for-sale financial assets are sold, the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

Interest income is recognized on available for sale debt securities using the effective interest method, calculated over the asset's expected life. Premiums and discounts arising on the purchase are included in the calculation of effective interest rates. Dividends are recognized in the income statement when the right to receive payment has been established.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, or no current demand prices available the bank measures fair value using valuation models. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation models commonly used by market participants. If the bank has not been able to estimate the fair value of equity instruments classified available for sale, value is measured at cost less any impairment in value.

Available for sale investments that would have met the definition of loans and receivables at initial recognition may be reclassified out to loans and advances or financial assets held to maturity. In all cases, when the bank has the intent and ability to hold these financial assets in the foreseeable future or till maturity. the financial asset is reclassified at its fair value on the date of reclassification, and any profits or losses that has been recognized previously in equity, is treated based on the following:

1- If the financial asset has a fixed maturity, gains or losses are amortized over the remaining life of the investment using the effective interest rate method. In case of subsequent impairment of the financial asset, the previously recognized unrealized gains or losses in equity are recognized directly in the profits and losses.
2- In the case of financial asset which has infinite life, any previously recognized profit or loss in equity will remain until the sale of the asset or its disposal, in the case of impairment of the value of the financial asset after the re-classification, any gain or loss previously recognized in equity is recycled to the profits and losses.

If the bank adjusts its estimates of payments or receipts of a financial asset that in return adjusts the carrying amount of the asset (or group of financial assets) to reflect the actual cash inflows, the carrying value is recalculated based on the present value of estimated future cash flows at the effective yield of the financial instrument and the differences are recognized in profit and loss.

In all cases, if the bank re-classifies financial asset in accordance with the above criteria and increases its estimate of the proceeds of future cash flow, this increase adjusts the effective interest rate of this asset only without affecting the investment book value.

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to offset the recognised amounts and there is an intention to be settled on a net basis.

2.7 Derivative financial instruments and hedge accounting

Derivatives are recognized initially, and subsequently, at fair value. Fair values of exchange traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models. Derivatives are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

Embedded derivatives in other financial instruments, such as conversion option in a convertible bond, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, provided that the host contract is not classified as at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognized in income statement unless the bank chooses to designate the hybrid contact as at fair value through net trading income in profit or loss.

The timing of recognition in profit and loss, of any gains or losses arising from changes in the fair value of derivatives, depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The bank designates certain derivatives as:

- Hedging instruments of the risks associated with fair value changes of recognized assets or liabilities or firm commitments (fair value hedge).
- Hedging of risks relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

Hedge accounting is used for derivatives designated in a hedging relationship when the following criteria are met.

- At the inception of the hedging relationship, the bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore,
- At the inception of the hedge, and on ongoing basis, the bank documents whether the hedging instrument is expected to be highly effective in offsetting changes in fair values of the hedged Item attributable to the hedged risk.

2.7.1 Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in the 'net interest income' line item of the income statement. Any ineffectiveness is recognized in profit or loss in 'net trading Income'.

When the hedging instrument is no longer qualified for hedge accounting, the adjustment to the carrying amount of a hedged item, measured at amortized cost, arising from the hedged risk is amortized to profit or loss from that date using the effective interest method.

2.7.2 Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognized immediately in the income statement. These gains and losses are reported in 'Net trading income', except where derivatives are managed in conjunction with financial instruments designated at fair value , in which case gains and losses are reported in 'Net income from financial instruments designated at fair value'.

2.8 Interest income and expense

Interest income and expense for all financial instruments except for those classified as held-for-trading or designated at fair value are recognized in 'Interest income' and 'Interest expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that represents an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once loans or debts are classified as nonperforming or impaired, the revenue of interest income will not be recognized and will be recorded off balance sheet, and are recognized as income subsequently based on a cash basis. When it is collected after redeeming all dues of consumer loans, personnel mortgages and micro-finance loans . Cash basis is also applied for corporate loans , as the calculated interest is capitalized according to the rescheduling agreement conditions until paying 25% from rescheduling agreements payments for a minimum performing period of one year, if the customer continues to perform the calculated interest is recognized in interest income (interest on the performing rescheduling agreement balance) without the marginalized before the rescheduling agreement which will be recognized in interest income after the settlement of the outstanding loan balance.

2.9 Fee and commission income

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue as the service is provided. Fees and commissions on non-performing or impaired loans or receivables cease to be recognized as income and are rather recorded off balance sheet. These are recognized as revenue, on a cash basis, only when interest income on those loans is recognized in profit and loss, at that time, fees and commissions that represent an integral part of the effective interest rate of a financial asset, are treated as an adjustment to the effective interest rate of that financial asset.

Commitment fees and related direct costs for loans and advances where draw down is probable are deferred and recognized as an adjustment to the effective interest on the loan once drawn. Commitment fees in relation to facilities where draw down is not probable are recognized at the maturity of the term of the commitment.

Fees are recognized on the debt instruments that are measured at fair value through profit and loss on initial recognition and syndicated loan fees received by the bank are recognized when the syndication has been completed and the bank does not hold any portion of it or holds a part at the same effective interest rate used for the other participants portions.

Commission and fee arising from negotiating, or participating in the negotiation of a transaction for a third party such as the arrangement of the acquisition of shares or other securities or the purchase or sale of properties are recognised upon completion of the underlying transaction in the income statement .

Other management advisory and service fees are recognised based on the applicable service contracts, usually on accrual basis. Financial planning fees related to investment funds are recognised steadily over the period in which the service is provided. The same principle is applied for wealth management, financial planning and custody services that are provided on the long term are recognised on the accrual basis also.

2.10 Dividend income

Dividends are recognised in the income statement when the right to collect is established.

2.11 Sale and repurchase agreements

Securities may be lent or sold subject to a commitment to repurchase (repos) are reclassified in the financial statements and deducted from treasury bills balance. Securities borrowed or purchased subject to a commitment to resell them (reveres repos) are reclassified in the financial statements and added to treasury bills balance. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

2.12 Impairment of financial assets

(a) Financial assets carried at amortised cost

The bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event(s)') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the bank uses to determine that there is objective evidence of an impairment loss include:

- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales);
- Violation of the conditions of the loan agreement such as non payment;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- The bank for reasons of economic or legal financial difficulties of the borrower by granting concessions may not agree with the bank granted in normal circumstances;
- Deterioration in the value of collateral; or
- Deterioration of the creditworthiness of the borrower.

The objective evidence of impairment loss for a group of financial assets is observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, for instance an increase in the default rates for a particular banking product.

The bank estimates the period between a losses occurring and its identification for each specific portfolio. In general, the periods used vary between three months to twelve months.

The bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant and in this field the following are considered:

- If the bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment according to historical default ratios.
- If the bank determines that an objective evidence of financial asset impairment exist that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract when there is objective evidence for asset impairment. As a practical expedient, the bank may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

For the purposes of evaluation of impairment for a group of a financial assets according to historical default ratios future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the bank and historical loss experience for assets with credit risk characteristics similar to those in the bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other indicative factors of changes in the probability of losses in the bank and their magnitude. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the bank.

(b) Available for sale investments

The bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets classify under available for sale is impaired. In the case of equity investments 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 the assets are impaired. During periods start from first of January 2009, the decrease consider significant when it become 10% from the book value of the financial instrument and the decrease consider to be extended if it continues for period more than 9 months, and if the mentioned evidences become available then any cumulative gains or losses previously recognized in equity are recognized in the income statement , in respect of available for sale equity securities, impairment losses previously recognized in profit or loss are not reversed through the income statement.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement to the extent of previously recognized impairment charge from equity to income statement.

2.13 Real estate investments

The real estate investments represent lands and buildings owned by the bank in order to obtain rental returns or capital gains and therefore do not include real estate assets which the bank exercised its work through or those that have owned by the bank as settlement of debts. The accounting treatment is the same used with property, plant and equipment.

2.14 Property, plant and equipment

Land and buildings comprise mainly branches and offices. All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their residual values over estimated useful lives, as follows:

• Buildings	20 years,
• Leasehold improvements	3 years, or over the period of the lease if less
• Furniture and safes	5 years.
• Typewriters, calculators and air-conditions	8 years
• Transportations	5 years
• Computers and core systems	3/10 years
• Fixtures and fittings	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. depreciable Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An asset's carrying amount is written down immediately to its recoverable value if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the selling proceeds with the asset carrying amount and charged to other operating expenses in the income statement.

2.15 Impairment of non-financial assets

Assets that have an indefinite useful life are not amortised -except goodwill- and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Assets are tested for impairment with reference to the lowest level of cash generating unit(s). A previously recognized impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset will only be increased up to the amount that it would have been had the original impairment not been recognized.

2.16 Leases

The accounting treatment for the finance lease is complied with law 95/1995, if the contract entitles the lessee to purchase the asset at a specified date and predefined value, or the current value of the total lease payments representing at least 90% of the value of the asset. The other leases contracts are considered operating leases contracts.

(a) Being lessee

Finance lease contract recognizes the lease cost, including the cost of maintenance of the leased assets in the income statement for the period in which they occurred. If the bank decides to exercise the right to purchase the leased asset the leased assets are capitalised and included in 'Property, plant and equipment' and depreciated over the useful life of the expected remaining life of the asset in the same manner as similar assets.

Operating lease payments leases are accounted for on a straight-line basis over the periods of the leases and are included in 'General and administrative expenses'.

(b) Being lessor

For finance lease, assets are recorded in the property, plant and equipment in the balance sheet and amortized over the expected useful life of this asset in the same manner as similar assets. Lease income is recognized on the basis of rate of return on the lease in addition to an amount corresponding to the cost of depreciation for the period. The difference between the recognized rental income and the total finance lease clients› accounts is transferred to the in the income statement until the expiration of the lease to be reconciled with a net book value of the leased asset. Maintenance and insurance expenses are charged to the income statement when incurred to the extent that they are not charged to the tenant.

In case there is objective evidence that the bank will not be able to collect the of financial lease obligations, the finance lease payments are reduced to the recoverable amount.

For assets leased under operating lease it appears in the balance sheet under property, plant and equipment, and depreciated over the expected useful life of the asset in the same way as similar assets, and the lease income recorded less any discounts given to the lessee on a straight-line method over the contract period.

2.17 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.18 Other provisions

Provisions for restructuring costs and legal claims are recognised when the bank has present legal or constructive obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

In case of similar obligations, the related cash outflow should be determined in order to settle these obligations as a group. The provision is recognized even in case of minor probability that cash outflow will occur for an item of these obligations.

When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income (expenses).

Provisions for obligations, other than those for credit risk or employee benefits, due within more than 12 months from the balance sheet date are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the balance sheet date. An appropriate pretax discount rate that reflects the time value of money is used to calculate the present value of such provisions. For obligations due within less than twelve months from the balance sheet date, provisions are calculated based on undiscounted expected cash outflows unless the time value of money has a significant impact on the amount of provision, then it is measured at the present value.

2.19 share based payments
The bank applies an equity-settled, share-based compensation plan. The fair value of equity instruments recognised as an expense over the vesting period using appropriate valuation models, taking into account the terms and conditions upon which the equity instruments were granted. The vesting period is the period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied. Vesting conditions include service conditions and performance conditions and market performance conditions are taken into account when estimating the fair value of equity instruments at the date of grant. At each balance sheet date the number of options that are expected to be exercised are estimated. Recognises estimate changes, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.20 Income tax
Income tax on the profit or loss for the year and deferred tax are recognized in the income statement except for income tax relating to items of equity that are recognized directly in equity.

Income tax is recognized based on net taxable profit using the tax rates applicable at the date of the balance sheet in addition to tax adjustments for previous years.

Deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized in accordance with the principles of accounting and value according to the foundations of the tax, this is determining the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable at the date of the balance sheet.

Deferred tax assets of the bank recognized when there is likely to be possible to achieve profits subject to tax in the future to be possible through to use that asset, and is reducing the value of deferred tax assets with part of that will come from tax benefit expected during the following years, that in the case of expected high benefit tax, deferred tax assets will increase within the limits of the above reduced.

2.21 Borrowings
Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost also any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.22 Dividends
Dividends on ordinary shares and profit sharing are recognized as a charge of equity upon the general assembly approval. Profit sharing includes the employees' profit share and the board of directors' remuneration as prescribed by the bank›s articles of incorporation and the corporate law.

2.23 Comparatives
Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial risk management
The bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The bank's aim is therefore to achieve an appropriate balance between risk and rewards and minimize potential adverse effects on the bank's financial performance. The most important types of financial risks are credit risk, market risk, liquidity risk and other operating risks. Also market risk includes exchange rate risk, rate of return risk and other prices risks.

The bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by risk department under policies approved by the board of directors. Bank treasury identifies, evaluates and hedges financial risks in close co-operation with the bank's operating units.

The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, credit risk management is responsible for the independent review of risk management and the control environment.

3.1 Credit risk

The bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the bank by failing to discharge an obligation. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in loans and advances, debt securities and other bills. There is also credit risk in off-balance sheet financial arrangements such as loan commitments. The credit risk management and control are centralised in a credit risk management team in bank treasury and reported to the board of directors and head of each business unit regularly.

3.1.1 Credit risk measurement

(a) Loans and advances to banks and customers

In measuring credit risk of loans and facilities to banks and customers at a counterparty level, the bank reflects three components (I) the 'probability of default' by the client or counterparty on its contractual obligations (II) current exposures to the counterparty and its likely future development, from which the bank derive the 'exposure at default'; and (III) the likely recovery ratio on the defaulted obligations (the 'loss given default').

These credit risk measurements, which reflect expected loss (the 'expected loss model') are required by the Basel committee on banking regulations and the supervisory practices (the Basel committee), and are embedded in the bank's daily operational management. The operational measurements can be contrasted with impairment allowances required under EAS 26, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model') rather than expected losses (note 3/a).

The bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate. Clients of the bank are segmented into four rating classes. The bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The bank regularly validates the performance of the rating and their predictive power with regard to default events.

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

Loss given default or loss severity represents the bank expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

(b) Debt instruments and treasury and other bills

For debt instruments and bills, external rating such as standard and poor's rating or their equivalents are used for managing of the credit risk exposures, and if this rating is not available, then other ways similar to those used with the credit customers are uses. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

3.1.2 Risk limit control and mitigation policies

The bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries and countries.

The bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by individual, counterparties, product, and industry sector and by country are approved quarterly by the board of directors.

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

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below.

(a) Collateral

The bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Mortgage business assets such as premises, and inventory;
- Mortgage financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimize the credit loss the bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other governmental securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

(b) Derivatives

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

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

(c) Master netting arrangements

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

(d) Credit related commitments

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

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

3.1.3 Impairment and provisioning policies

The internal rating system described in Note 3.1.1 focus on the credit-quality mapping from the lending and investment activities perspective. Conversely, for only financial reporting purposes impairment losses are recognized for that have been incurred at the balance sheet date when there is an objective evidence of impairment. Due to the different methodologies applied, the amount of incurred impairment losses in balance sheet are usually lower than the amount determined from the expected loss model that is used for internal operational management and CBE regulation purposes.

The impairment provision reported in balance sheet at the end of the period is derived from each of the four internal credit risk ratings. However, the majority of the impairment provision is usually driven by the last two rating degrees. The following table illustrates the proportional distribution of loans and advances reported in the balance sheet for each of the four internal credit risk ratings of the bank and their relevant impairment losses:

Bank's rating

	Dec.31, 2011		Dec.31, 2010	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1-Performing loans	91.13	42.26	90.88	54.59
2-Regular watching	4.32	4.70	5.40	5.30
3-Watch list	1.74	3.70	0.99	2.56
4-Non Performing Loans	2.81	49.34	2.73	37.55
	100.00	**100.00**	**100.00**	**100.00**

The internal rating tools assists management to determine whether objective evidence of impairment exists under EAS 26, based on the following criteria set by the bank:

- Cash flow difficulties experienced by the borrower or debtor
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Bank granted concessions may not be approved under normal circumstances due to economic, legal reasons and financial difficulties facing the borrower
- Deterioration of the collateral value
- Deterioration of the credit situation

The bank's policy requires the review of all financial assets that are above materiality thresholds at least annually or more regularly when circumstances require. Impairment provisions on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date ,and are applied to all significant accounts individually. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. Collective impairment provisions are provided portfolios of homogenous assets by using the available historical loss experience, experienced judgment and statistical techniques.

3.1.4 Pattern of measuring the general banking risk

In addition to the four categories of the bank's internal credit ratings indicated in note 3.1.1, management classifies loans and advances based on more detailed subgroups in accordance with the CBE regulations. Assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position and his repayment track record. The bank calculates required provisions for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the provision required for impairment losses as per CBE credit worthiness rules exceeds the required provisions by the application used in balance sheet preparation in accordance with EAS. That excess shall be debited to retained earnings and carried to the general banking risk reserve in the equity section. Such reserve is always adjusted, on a regular basis, by any increase or decrease so, that reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution.

Below is a statement of institutional worthiness according to internal ratings compared with CBE ratings and rates of provisions needed for assets impairment related to credit risk:

CBE Rating	Categorization	Provision%	Internal rating	Categorization
1	Low risk	0%	1	Performing loans
2	Average risk	1%	1	Performing loans
3	Satisfactory risk	1%	1	Performing loans
4	Reasonable risk	2%	1	Performing loans
5	Acceptable risk	2%	1	Performing loans
6	Marginally acceptable risk	3%	2	Regular watching
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non performing loans
9	Doubtful	50%	4	Non performing loans
10	Bad debts	100%	4	Non performing loans

3.1.5 Maximum exposure to credit risk before collateral held

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
In balance sheet items exposed to credit risk		
» Treasury bills and other governmental notes	11,287,398,570	9,616,491,239
Trading financial assets		
» Debt instruments	353,860,497	880,224,887
Loans and advances to banks	1,433,545,112	128,527,576
Loans and advances to customers:		
Individual:		
» Overdrafts	952,982,877	695,995,810
» Credit cards	575,672,905	530,877,533
» Personal loans	2,659,469,004	1,960,327,857
» Mortgages	419,990,050	432,348,843
» Other loans	40,265,000	84,424,581
Corporate:		
» Overdrafts	4,239,213,684	3,331,087,693
» Direct loans	25,232,315,809	21,584,681,502
» Syndicated loans	7,278,053,191	7,758,798,180
» Other loans	101,625,796	209,582,685
Derivative financial instruments	146,544,656	139,263,948
Debt instruments	14,898,586,881	13,355,786,433
Investments in subsidiary and associates	995,595,778	996,317,538
Total	**70,615,119,810**	**61,704,736,305**
Off balance sheet items exposed to credit risk		
» Financial guarantees	2,219,596,241	1,362,771,570
» Customers acceptances	542,833,642	589,087,209
» Letter of credit	753,154,858	989,910,137
» Letter of guarantee	11,263,615,016	10,300,751,367
Total	**14,779,199,757**	**13,242,520,283**

The above table represents the bank Maximum exposure to credit risk at 31 December 2011, before taking account of any collateral held. For assets recognized on balance sheet, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above, 61.01% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt Instruments represents 21.60%

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk resulting from both its loan and advances portfolio and debt Instruments based on the following:

- 95.45% of the loans and advances portfolios are concentrated in the top two grades of the internal credit risk rating system.
- 97.18% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP 1,208,909,123
- "The bank has implemented more prudent processes when granting loans and advances during the financial period ended in December.31.2011.
- 86.01% of the investments in debt Instruments are sovereign instruments.

3.1.6 Loans and advances

Loans and advances are summarized as follows:

	Dec.31, 2011		Dec.31, 2010	
	Loans and advances to customers EGP	Loans and advances to banks EGP	Loans and advances to customers EGP	Loans and advances to banks EGP
» Neither past due nor impaired	39,842,142,236	1,403,385,688	35,086,911,191	99,503,076
» Past due but not impaired	478,696,381	-	527,270,370	-
» Individually impaired	1,178,749,623	30,159,500	973,943,123	29,024,500
Gross	**41,499,588,240**	**1,433,545,188**	**36,588,124,684**	**128,527,576**
» Less: impairment provision	1,419,409,102	37,950,503	1,255,187,888	2,694,538
Net	**40,080,179,138**	**1,395,594,685**	**35,332,936,796**	**125,833,038**

- Impairment losses for loans and advances reached EGP 1,457,359,605 and for more details about impairment provisions and loans for customers and banks see note 19 and 20

- During the year the bank's total loans and advances increased by 16.93% as a result of the expansion of the lending business in Egypt. When accessing new markets or industries, in order to minimize the propable exposure to credit risk, the bank focuses more on the business with large enterprises,banks or retail customers with good credit rating or sufficient collateral.

- Net loans and advances to customers and banks:

EGP

Dec.31, 2011	Individual				Corporate				Total loans and advances to customers	Total loans and advances to banks
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans		
Grades:											
1-Performing loans	914,099,869	504,245,088	2,520,780,759	405,378,706	257,258	3,864,636,142	22,043,384,066	6,784,446,579	94,689,386	**37,131,917,853**	**1,377,362,064**
2-Regular watching	9,461,536	10,798,843	28,278,387	-	37,241,095	136,980,065	1,496,193,485	58,210,281	5,101,102	**1,782,264,794**	**2,456,187**
3-Watch list	8,206,398	3,278,950	11,356,577	-	-	22,334,115	646,624,356	-	101,526	**691,901,922**	-
4-Non performing loans	837,459	15,059,805	22,550,809	2,735,047	1,172,716	47,607,968	255,316,129	128,767,666	47,046	**474,094,645**	**15,776,358**
Total	**932,605,262**	**533,382,686**	**2,582,966,532**	**408,113,753**	**38,671,069**	**4,071,558,290**	**24,441,518,036**	**6,971,424,526**	**99,939,060**	**40,080,179,214**	**1,395,594,609**

EGP

Dec.31, 2010	Individual				Corporate				Total loans and advances to customers	Total loans and advances to banks
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans		
Grades:											
1-Performing loans	675,170,714	472,507,944	1,848,342,189	422,225,216	49,315,690	3,033,424,532	18,795,822,937	7,081,304,703	206,356,881	**32,584,470,805**	**97,524,952**
2-Regular watching	12,666,302	14,691,771	31,833,042	137,891	20,205,968	65,793,224	1,685,532,350	84,905,117	10,458	**1,915,776,123**	-
3-Watch list	3,216	1,264,587	2,444,904	304,044	201,828	20,801,628	93,451,118	211,620,140	233,917	**330,325,382**	-
4-Non performing loans	1,207,336	293,404	6,248,513	793,528	1,300,666	61,860,290	249,913,269	180,327,341	420,139	**502,364,486**	**28,308,086**
Total	**689,047,568**	**488,757,705**	**1,888,868,648**	**423,460,679**	**71,024,151**	**3,181,879,675**	**20,824,719,675**	**7,558,157,301**	**207,021,394**	**35,332,936,796**	**125,833,038**

- **Loans and advances past due but not impaired:**

Loans and advances less than 90 days past due are not considered impaired, unless there is an objective evidence of impairment.

EGP

Dec.31, 2011	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
» Past due up to 30 days	200,977,939	106,509,301	3,509,689	1,211,276	**312,208,205**	-	103,500,085	-	**103,500,085**
» Past due 30 - 60 days	9,825,529	11,474,221	1,830,630	94,499	**23,224,879**	9,880,139	8,077,826	-	**17,957,965**
» Past due 60-90 days	8,564,505	3,984,099	1,263,730	59,511	**13,871,845**	6,689,585	1,243,817	-	**7,933,402**
Total	**219,367,973**	**121,967,621**	**6,604,049**	**1,365,286**	**349,304,929**	**16,569,724**	**112,821,728**	**-**	**129,391,452**

Dec.31, 2010	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
» Past due up to 30 days	295,014,498	100,541,608	1,897,568	287,824	**397,741,498**	-	31,065,675	31,504,738	**62,570,412**
» Past due 30-60 days	13,209,540	11,914,183	2,280,478	67,046	**27,471,247**	3,980,230	6,189,824	-	**10,170,054**
» Past due 60-90 days	951,921	4,564,372	892,843	57,681	**6,466,817**	10,645,228	12,205,115	-	**22,850,342**
Total	**309,175,959**	**117,020,163**	**5,070,889**	**412,550**	**431,679,561**	**14,625,458**	**49,460,613**	**31,504,738**	**95,590,809**

- **Individually impaired loans.**

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 1,208,909,123. The breakdown of the gross amount of individually impaired loans and advances by product, along with the fair value of related collateral held by the bank, are as follows:

Dec.31, 2011	Individual					Corporate				
	Overdraft	Credit cards	Personal loans	Mort-gages	Other loans	Overdraft	Direct loans	Syndicat-ed loans	Other loans	Total
» Individually impaired loans	17,378,259	52,101,360	86,197,008	11,020,824	1,411,998	157,287,411	557,310,686	326,074,653	126,924	**1,208,909,123**

Dec.31, 2010	Individual					Corporate				
	Overdraft	Credit cards	Personal loans	Mort-gages	Other loans	Overdraft	Direct loans	Syndicat-ed loans	Other loans	Total
» Individually impaired loans	6,978,664	26,646,934	65,343,577	5,834,947	12,838,666	150,610,141	530,355,088	203,688,263	671,343	**1,002,967,623**

• Loans and advances restructured

Restructuring activities include reschaduling arrangements, obligatory management programs, modification and deferral of payments. The application of restructuring policies are based on indicators or criteria of credit performance of the borrower that is based on the personal judgment of the management, indicate that payment will most likely continue. These policies are reviewed frequantly. Restructuring is commonly applied to term loans, specially customer loans. Renegotiated loans totaled at the end of the year EGP 2,780,557,000

	Dec.31, 2011	Dec.31, 2010
Corporate		
» Direct loans	2,780,557,000	2,421,912,000
Total	**2,780,557,000**	**2,421,912,000**

3.1.7 Debt instruments, treasury bills and other governmental notes

The table below presents an analysis of debt instruments, treasury bills and other governmental notes by rating agency designation at end of financial Year, based on Standard & Poor's ratings or their equivalent:

Dec.31, 2011	Treasury bills and other gov. notes EGP	Trading financial instruments EGP	Financial investments EGP	Total EGP
» AAA	-	-	1,154,735,737	**1,154,735,737**
» AA- to AA+	-	13,553,416	414,004,877	**427,558,293**
» A- to A+	-	2,712,574	361,268,907	**363,981,481**
» Lower than A-	-	84,444,886	792,812,782	**877,257,668**
» Unrated	9,213,390,067	460,373,398	13,714,432,464	**23,388,195,929**
Total	**9,213,390,067**	**561,084,273**	**16,437,254,767**	**26,211,729,107**

3.1.8 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

Following is a breakdown of the bank's main credit exposure at their book values categorized by geographical region. The bank has allocated exposures to regions based on the country of domicile of its counterparties.

	EGYPT			
Dec.31, 2011	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
» Treasury bills and other governmental notes	11,287,398,570	-	-	**11,287,398,570**
Trading financial assets				
» Debt instruments	353,860,497	-	-	**353,860,497**
» Loans and advances to banks	1,433,545,112	-	-	**1,433,545,112**
Loans and advances to customers:				
Individual:				
» Overdraft	607,884,297	232,270,999	112,827,581	**952,982,877**
» Credit cards	436,946,905	115,701,000	23,025,000	**575,672,905**
» Personal loans	1,748,477,064	721,768,479	189,223,460	**2,659,469,004**
» Mortgages	342,140,551	68,951,499	8,898,000	**419,990,050**
» Other loans	27,836,000	12,429,000	-	**40,265,000**
Corporate:				
» Overdraft	3,587,293,684	620,292,000	31,628,000	**4,239,213,684**
» Direct loans	18,349,809,809	6,284,431,000	598,075,000	**25,232,315,809**
» Syndicated loans	6,904,555,191	373,498,000	-	**7,278,053,191**
» Other loans	86,090,192	15,535,604	-	**101,625,796**
Derivative financial instruments	146,544,656	-	-	**146,544,656**
Debt instruments	14,898,586,881	-	-	**14,898,586,881**
Investments in subsidiary and associates	995,595,778	-	-	**995,595,778**
	61,206,565,187	**8,444,877,582**	**963,677,041**	**70,615,119,810**

(b) Industry sectors

The following table breaks down the Group's main credit exposure at their book value categorized by the industry sectors of our counterparties.

Dec.31, 2011	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other industries	Individual	Total
» Treasury bills and other governmental bills	11,287,398,570	-	-	-	-	-	-	**11,287,398,570**
Financial assets for trading			-					
» Debt instruments	353,860,497	-	-	-	-	-	-	**353,860,497**
Loans and advances to banks	1,433,545,112	-	-	-	-	-	-	**1,433,545,112**
Loans and advances to customers:								
Individual:								
» Overdraft	-	-	-	-	-	-	952,982,877	**952,982,877**
» Credit cards	-	-	-	-	-	-	575,672,905	**575,672,905**
» Personal loans	-	-	-	-	-	-	2,659,469,004	**2,659,469,004**
» Mortgages	-	-	-	-	-	-	419,990,050	**419,990,050**
» Other loans	-	-	-	-	-	-	40,265,000	**40,265,000**
Corporate:								
» Overdraft	43,746,026	1,307,201,414	1,268,694,563	244,460,752	5,553,376	1,369,557,553		**4,239,213,684**
» Direct loans	992,735,455	11,359,238,760	194,496,188	408,305,437	1,218,918,090	11,058,621,879		**25,232,315,809**
» Syndicated loans	-	3,054,632,007	502,014,035	-	-	3,721,407,149		**7,278,053,191**
» Other loans	-	73,813,502	-	1,000,000	-	26,812,294		**101,625,796**
» Derivative financial instruments	146,544,656	-	-	-	-			**146,544,656**
» Investment securities – debt instrument	1,779,637,765	-	-	-	13,118,949,116			**14,898,586,881**
» Financial investments in subsidiary and associates	995,595,778	-	-	-	-			**995,595,778**
	17,033,063,858	**15,794,885,683**	**1,965,204,785**	**653,766,189**	**14,343,420,582**	**16,176,398,876**	**4,648,379,836**	**70,615,119,810**

3.2 Market risk

Market risk represnted as fluctuations in market factors, including foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices will reduce the bank's income or the value of its portfolios. The bank separates exposures to market risk into trading or non-trading portfolios.

"Market risks are measured, monitored and controlled by the market risk management department. In addition, regular reports are submitted to the Asset and Liability and the heads of each business unit.

Trading portfolios include positions arising from market-making, positiontaking and others designated as marked-to-market. Non-trading portfolios include positions that primarily arise from the interest rate management of the group's retail and commercial banking assets and liabilities, financial investments designated as available for sale and held-to-maturity.

3.2.1 Market risk measurement techniques

As part of the management of market risk, the bank undertakes various hedging strategies. The Bank also enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt securities and loans to which the fair value option has been applied .

(a) Value at Risk

The Bank applies a "Value at Risk" methodology (VaR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions.

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose , but only to a certainlevel of confidence (95%). There is therefore a specified statistical probability (5%) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain 'holding period' until positions can be closed (1 month). The Bank is assessing the historical movements in the market prices based on volatilities and correlations data for the past five years. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As VaR constitutes an integral part of the Bank's market risk control regime, the Market Risk Management set Soft VaR limits, which have been approved by the ALCO, and are monitored and reported on a daily basis to the Senior Management. In addition, monthly limits compliance is reported to the ALCO.

The internal models used to calculate VaR are not approved yet by the central bank as the regulator is still apply Basel I in parallel basis with standardize market risk approach in Basel II.

(b) Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, bank computes on a daily basis Stress VaR, combined with Normal VaR to capture the abnormal movements in financial markets and to give more comprehensive picture of risk. The results of the stress tests are reviewed by the ALCO on a monthly basis and the Board Risk Committee on a quarterly basis.

3.2.2 Value at risk (VaR) Summary

• Total VaR by risk type

	Dec.31, 2011			Dec.31, 2010		
	Medium	High	Low	Medium	High	Low
1- Foreign exchange risk	275,822	798,293	22,715	335,428	1,021,367	47,251
2- Interest rate risk	**19,970,380**	**25,574,668**	**15,047,233**	**64,862,911**	**81,655,436**	**53,996,397**
» For non trading purposes	9,752,494	11,883,218	7,638,408	48,257,686	63,983,903	38,055,532
» For trading purposes	13,919,605	16,474,199	11,866,315	13,970,809	17,970,757	4,319,514
3- Equities risk	1,659,204	1,762,596	1,488,630	6,140,352	6,714,030	3,478,929
4- Investment fund	921,509	1,057,998	798,571	1,218,674	1,617,940	1,080,322
Total VaR	**20,406,187**	**26,002,691**	**15,490,695**	**66,470,692**	**83,020,106**	**55,788,545**

• **Trading portfolio VaR by risk type**

	Dec.31, 2011			Dec.31, 2010		
	Medium	High	Low	Medium	High	Low
1- Foreign exchange risk	275,822	798,293	22,715	335,428	1,021,367	47,251
2- Interest rate risk						
» For trading purposes	13,919,605	16,474,199	11,866,315	13,970,809	17,970,757	4,319,514
3- Equities risk	1,659,204	1,762,596	1,488,630	6,140,352	6,714,030	3,478,929
4- Investment fund	921,509	1,057,998	798,571	1,218,674	1,617,940	1,080,322
Total VaR	**14,382,231**	**15,076,004**	**13,832,710**	**16,670,238**	**18,818,850**	**12,881,880**

• **Non trading portfolio VaR by risk type**

	Dec.31, 2011			Dec.31, 2010		
	Medium	High	Low	Medium	High	Low
Interest rate risk						
» For non trading purposes	9,752,494	11,883,218	7,638,408	48,257,686	63,983,903	38,055,532
Total VaR	**9,752,494**	**11,883,218**	**7,638,408**	**48,257,686**	**63,983,903**	**38,055,532**

The aggregate of the trading and non-trading VaR results does not constitute the bank's VaR due to correlations and consequent diversification effects between risk types and portfolio types.

3.2.3 Foreign exchange risk

The bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign currency exchange rate risk and Bank's financial instruments at carrying amounts, categorized by currency.

	EGP	USD	EUR	GBP	Other	Equivalent EGP Total
Dec.31, 2011						
Assets						
» Cash and balances with central bank	7,054,716,154	270,143,280	113,340,050	22,305,028	31,559,998	**7,492,064,510**
» Due from banks	44,171,179	4,573,871,370	3,325,874,705	392,508,514	112,872,937	**8,449,298,705**
» Treasury bills and other governmental notes	9,415,700,000	1,871,698,570	-	-	-	**11,287,398,570**
» Trading financial assets	460,373,393	82,033,840	-	-	18,677,040	**561,084,273**
» Loans and advances to banks	-	1,421,929,603	11,615,509	-	-	**1,433,545,112**
» Loans and advances to customers	23,620,827,662	16,656,189,556	1,103,334,241	27,594,433	91,642,424	**41,499,588,316**
Derivative financial instruments	71,103,086	66,363,174	9,078,396	-	-	**146,544,656**
Financial investments						
» Available for sale	13,725,936,518	1,655,334,715	31,294,836	-	-	**15,412,566,069**
» Held to maturity	29,092,920	-	-	-	-	**29,092,920**
» Investments in subsidiary and associates	976,776,250	18,819,528	-	-	-	**995,595,778**
Total financial assets	**55,398,697,161**	**26,616,383,636**	**4,594,537,737**	**442,407,975**	**254,752,400**	**87,306,778,909**
Liabilities						
» Due to banks	2,862,882,577	454,635,883	23,230,665	40,421	4,970	**3,340,794,517**
» Due to customers	41,758,038,228	24,764,475,805	4,430,878,994	453,736,875	166,917,629	**71,574,047,530**
» Derivative financial instruments	21,805,179	88,420,506	4,062,305	-	-	**114,287,990**
» Long term loans	92,435,045	3,613,283	3,285,048	-	-	**99,333,376**
Total financial liabilities	**44,735,161,030**	**25,311,145,477**	**4,461,457,012**	**453,777,296**	**166,922,599**	**75,128,463,414**
Net on-balance sheet financial position	**10,663,536,131**	**1,305,238,159**	**133,080,725**	**(11,369,321)**	**87,829,801**	**12,178,315,495**

3.2.4 Interest rate risk

Interest rate risk arises when the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fair value risk of interest rate is the risk that the value of a financial instrument will fluctuate due to movement of market rates The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may profit decrease in the event that unexpected movements arise.The board sets limits on the gaps of interest rate repricing that may be undertaken, which is monitored by bank's Risk Management Department.

The table below summarizes the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of repricing or contractual maturity dates.

	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non- Interest Bearing	Total
Dec.31, 2011							
Assets							
» Cash and balances with central bank	-	-	-	-	-	7,492,064,510	**7,492,064,510**
» Due from banks	4,432,500,279	3,352,211,834	514,598,879	-	-	149,987,713	**8,449,298,705**
» Treasury bills and other governmental notes (face value)	333,625,000	1,532,625,000	9,421,148,570	-	-	-	**11,287,398,570**
» Trading financial assets	188,546,741	-	-	271,826,657	82,033,840	18,677,035	**561,084,273**
» Loans and advances to banks	868,156,935	108,692,080	456,696,097	-	-	-	**1,433,545,112**
» Loans and advances to customers	23,770,575,079	8,227,397,230	5,781,107,993	3,331,849,309	388,658,706	-	**41,499,588,316**
» Derivatives financial instruments (including IRS notional amount)	571,536,732	434,968,077	124,348,038	4,135,178,024	115,299,768	75,441,571	**5,456,772,210**
» Financial investments:-							
» Available for sale	3,467,059,003	366,420,380	1,794,316,073	8,541,251,632	759,740,859	483,778,122	**15,412,566,069**
» Held to maturity	27,512,500	-	215,000	1,365,420	-	-	**29,092,920**
» Investments in subsidiary and associates	-	-	-	-	-	995,595,778	**995,595,778**
Total financial assets	**33,659,512,269**	**14,022,314,601**	**18,092,430,649**	**16,281,471,042**	**1,345,733,172**	**9,215,544,728**	**92,617,006,462**
Liabilities							
» Due to banks	2,942,477,189	-	-	-	-	398,317,328	**3,340,794,517**
» Due to customers	30,210,643,267	6,718,255,908	7,405,534,484	15,651,100,850	733,000,495	10,855,512,526	**71,574,047,530**
» Derivatives financial instruments (including IRS notional amount)	1,856,259,648	2,514,491,686	159,347,534	277,158,566	524,775,299	92,482,811	**5,424,515,544**
» Long term loans	125,931	1,521,504	82,756,941	14,929,000	-	-	**99,333,376**
Total financial liabilities	**35,009,506,034**	**9,234,269,098**	**7,647,638,959**	**15,943,188,416**	**1,257,775,794**	**11,346,312,666**	**80,438,690,967**
Total interest repricing gap	**(1,349,993,765)**	**4,788,045,503**	**10,444,791,690**	**338,282,626**	**87,957,378**	**(2,130,767,937)**	**12,178,315,495**

3.3 Liquidity risk

- Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligations arises from its financial liabilities as they fall due or to replace funds when they are withdrawn.
- The consequence may be the failure to meet obligations to repay depositors and fulfill lending commitments.

3.3.1 Liquidity risk management process

The Bank's liquidity management process, is carried by the assets and liabilities management department and monitored independently by the risk management department, which includes:

- Projecting cash flows by major currency under various stress scenarios and considering the level of liquid assets necessary in relation thereto:
  The Bank maintains an active presence in global money markets to enable this to happen.
- Maintaining a diverse range of funding sources with back-up facilities.
- Monitoring balance sheet liquidity and advances to core funding ratios against internal and Central Bank of Egypt regulations.
- Managing the concentration and profile of debt maturities.

Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. Bank's Risk Management Department also monitors unmatched medium-term assets

3.3.2 Funding approach

Sources of liquidity are regularly reviewed jointly by the bank's Assets & Liabilities Management Department and Consumer Banking to maintain a wide diversification within currencies, geographical area, depositors,products and tenors.

3.3.3 Non-derivative cash flows

The table below presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities and the maturities assumption for non contractual products are based on there behavior studies.

Dec.31, 2011	Up to 1 Month	One to Three Months	Three to One Year	One Year to Five Year	Over Five Years	Total
Liabilities						
» Due to banks	3,340,794,517	-	-	-	-	**3,340,794,517**
» Due to customers	12,876,722,334	8,576,616,724	17,868,791,406	30,859,028,066	1,392,889,000	**71,574,047,530**
» Long term loans	125,931	1,521,504	82,756,941	14,929,000	-	**99,333,376**
» Derivatives financial instruments (foreign exchange derivatives)	3,674,914	4,125,343	14,004,922	-	-	**21,805,179**
Total liabilities (contractual and non contractual maturity dates)	**16,221,317,695**	**8,582,263,570**	**17,965,553,270**	**30,873,957,066**	**1,392,889,000**	**75,035,980,602**
Total financial assets (contractualandnon contractual maturity dates)	**14,753,504,167**	**11,100,069,868**	**20,844,934,425**	**28,478,165,923**	**10,614,870,781**	**85,791,545,163**

Dec.31, 2010	Up to 1 Month	One to Three Months	Three to One Year	One Year to Five Year	Over Five Years	Total
Liabilities						
» Due to banks	837,570,759	49,341,650	435,367,500	-	-	**1,322,279,909**
» Due to customers	17,816,915,547	9,151,941,806	8,604,334,536	19,192,725,470	8,713,966,264	**63,479,883,624**
» Long term loans	12,114,272	19,773,440	69,568,298	27,657,416	-	**129,113,426**
» Derivatives financial instruments (foreign currency derivatives)	46,109,376	10,090,483	8,806,258	163,196	-	**65,169,313**
Total liabilities (con-tractual and non contractual maturity dates)	**18,712,709,954**	**9,231,147,380**	**9,118,076,592**	**19,220,546,082**	**8,713,966,264**	**64,996,446,271**
Total financial assets (contractualandnon contractual maturity dates)	**11,299,649,630**	**5,289,093,053**	**16,798,436,292**	**28,143,692,012**	**13,446,756,522**	**74,977,627,508**

3.3.4 Derivative cash flows

Derivatives settled on a net basis

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

- Foreign exchange derivatives: over-the-counter (OTC) and exchange traded options, forwards, exchange traded currency options
- Interest rate derivatives: interest rate swaps, forward rate agreements, OTC and exchange traded interest rate options, other interest rate contracts and exchange traded futures .
- The table below analyses the bank's derivative undiscounted financial liabilities that will be settled on a net basis into maturity groupings based on the remaining period at the balance sheet to the contractual maturity. maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Dec.31, 2011	Up to 1 Month	One to Three Months	Three to One Year	One Year to Five Year	Over Five Years	Total
Liabilities						
Derivatives financial instruments						
» Foreign exchange derivatives	3,674,914	4,125,343	14,004,923	-	-	**21,805,179**
» Interest rate deriva-tives	-	85,520	1,177,707	11,757,121	78,592,077	**91,612,426**
Total	**3,674,914**	**4,210,863**	**15,182,630**	**11,757,121**	**78,592,077.26**	**113,417,605**

Off balance sheet items

Dec.31, 2011	Up to 1 year	1-5 years	Over 5 years	Total
» Letters of credit, guarantees and other commitments	9,607,994,089	2,512,647,977	438,961,450	**12,559,603,516**
Total	**9,607,994,089**	**2,512,647,977**	**438,961,450**	**12,559,603,516**

3.4 Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

The table below summarizes the book value and fair value of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	Book value		Fair value	
	Dec.31, 2011	**Dec.31, 2010**	**Dec.31, 2011**	**Dec.31, 2010**
Financial assets				
» Due from banks	8,449,298,705	6,769,607,397	8,449,298,705	6,769,607,397
» Loans and advances to banks	1,433,545,112	128,527,576	1,433,545,112	128,527,576
Loans and advances to customers:				
» Individual	4,648,379,836	3,703,974,624	4,648,379,836	3,703,974,624
» Corporate	36,851,208,480	32,884,150,060	36,851,208,480	32,884,150,060
Financial investments:				
» Held to Maturity	29,092,920	289,151,745	29,092,920	289,151,745
Total financial assets	**51,411,525,053**	**43,775,411,402**	**51,411,525,053**	**43,775,411,402**
Financial liabilities				
» Due to banks	3,340,794,517	1,322,279,909	3,340,794,517	1,322,279,909
» Due to customers	71,574,047,530	63,479,883,624	71,574,047,530	63,479,883,624
» Long term loans	99,333,376	129,113,425	99,333,376	129,113,425
Total financial liabilities	**75,014,175,423**	**64,931,276,958**	**75,014,175,423**	**64,931,276,958**

Due from banks

The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

Loans and advances to banks

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

Loans and advances to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received.Expected cash flows are discounted at current market rates to determine fair value.

Financial Investments

Investment securities include only interest-bearing assets held to maturity; assets classified as available for sale are measured at fair value. Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Due to other banks and customers, other deposits and other borrowings

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

3.5 Capital management

- For capital management purposes, the bank's capital includes total equity as reported in the balance sheet plus some other non-equity elements that are managed as capital. The bank manages its capital to ensure that the following objectives are achieved.
- Compliance with the legally imposed capital requirements in Egypt.
- "Protecting the bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank."

- Maintaining a strong capital base to enhance growth of the bank's operations.
- Capital adequacy and the use of regulatory capital are monitored on a daily basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt. The required data is submitted to the Central Bank of Egypt on a quarterly basis.
- Central bank Of Egypt requires the following:
  - Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
  - Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted average of the bank's assets and contingent liabilities.

• Tier one:

Tier one, comprised of paid-in capital (after deducting the book value of treasury shares), retained earnings and reserves resulting from the distribution of profits except the banking risk reserve and deducting previously recognized goodwill and any retained losses

• Tier two:

Represents the gone concern capital which comprised of general risk provision according to the impairment provision guidelines issued by the Central Bank of Egypt for to the maximum of 1.25% of risk weighted assets and contingent liabilities ,subordinated loans with more than five years to maturity(amortizing 20% of its carrying amount in each year of the remaining five years to maturity) and 45% of unrealized gains arising on the fair valuation of available for-sale investments.

When calculating the numerator of capital adequacy ratio, The rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier 1. for half of the share capital.

Assets risk weight scale ranging from zero to 100% based on the counterparty riskt to reflect the related credit risk scheme, taking into consideration the cash collatrals. Similar criteria are used for off balance sheet items after adjusting it to reflect the nature of contingency and the potential loss of those amounts. The bank has complied with all Capital adequacy requirements for the past two years. The table below summarizes the compositions of teir 1, teir 2 and the capital adecuacy ratio at the end of financial year:

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
		Restated
Tier 1 capital		
» Share capital (net of the treasury shares)	5,934,562,990	5,901,443,600
» General reserves	1,234,274,960	1,144,648,634
» Legal reserve	231,344,896	231,344,896
» Other reserve	(477,244,971)	335,452,173
» Retained Earnings	15,105,920	-
Total qualifying tier 1 capital	**6,938,043,795**	**7,612,889,303**
Tier 2 capital		
» General risk provision	692,087,775	607,483,178
» 45% of the Increase in fair value than the book value for A.F.S investments	-	956,968
Total qualifying tier 2 capital	**692,087,775**	**608,440,146**
Total capital 1+2	**7,630,131,570**	**8,221,329,449**
Risk weighted assets and contingent liabilities		
» In-balance sheet	50,175,824,604	43,626,939,621
» Off-balance sheet	5,191,197,357	4,971,714,657
Total risk weighted assets and contingent liabilities	**55,367,021,961**	**48,598,654,278**
Capital adequacy ratio (%)	**13.78%**	**16.92%**

4. Critical accounting estimates and judgments

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

(a) Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a Bank, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs by +/-5%

(b) Impairment of available for-sale equity investments

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

(c) Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (as models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

(d) Held-to-Maturity investments

The non-derivative financial assets with fixed or determinable payments and fixed maturity are being classified held to maturity. This classification requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity it will be required to reclassify the entire category as available for sale. The investments would therefore be measured at fair value not amortized cost.

5. Segment analysis

(a) By business segment

The Bank is divided into main business segments on a worldwide basis:

- Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products
- Investment banking – incorporating financial instruments trading, structured financing, corporate leasing, and merger and acquisitions advice.
- Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;
- Others –Include other banking business, such as Assets Management.

Transactions between the business segments are on normal commercial terms and conditions.

Dec.31, 2011	Corporate banking	SME's	Investment banking	Retail banking	Total
» Revenue according to business segment	2,226,050,418	597,635,091	(75,724,924)	1,278,100,557	4,026,061,142
» Expenses according to business segment	(777,096,428)	(255,290,741)	(25,181,851)	(788,714,940)	(1,846,283,960)
Activities results by sector	**1,448,953,990**	**342,344,350**	**(100,906,775)**	**489,385,617**	**2,179,777,182**
» Profit before tax	1,448,953,990	342,344,350	(100,906,775)	489,385,617	**2,179,777,182**
» Tax	(273,777,928)	(64,684,236)	-	(92,466,940)	**(430,929,104)**
Profit for the year	**1,175,176,062**	**277,660,114**	**(100,906,775)**	**396,918,677**	**1,748,848,078**
» Assets and liabilities according to business segment	74,621,790,612	2,143,523,905	1,533,773,854	7,329,130,662	**85,628,219,033**
Total assets	**74,621,790,612**	**2,143,523,905**	**1,533,773,854**	**7,329,130,662**	**85,628,219,033**

Dec.31, 2010	Corporate banking	SME's	Investment banking	Retail banking	Total
» Revenue according to business segment	2,372,940,489	545,637,320	5,428,422	1,020,144,407	**3,944,150,639**
» Expenses according to business segment	(506,661,999)	(157,629,865)	(20,267,205)	(726,705,883)	**(1,411,264,952)**
Activities results by sector	**1,866,278,491**	**388,007,455**	**(14,838,783)**	**293,438,524**	**2,532,885,687**
» Profit before tax	1,866,278,491	388,007,455	(14,838,783)	293,438,524	**2,532,885,687**
» Tax	(283,369,904)	(58,913,842)	(5,035,307)	(44,554,790)	**(391,873,843)**
Profit for the year	**1,582,908,586**	**329,093,613**	**(19,874,090)**	**248,883,734**	**2,141,011,844**
» Assets and liabilities according to business segment	67,425,351,842	1,014,671,790	1,613,413,684	5,039,444,129	75,092,881,445
Total assets	**67,425,351,842**	**1,014,671,790**	**1,613,413,684**	**5,039,444,129**	**75,092,881,445**

(b) By geographical segment

Dec.31, 2011	Egypt			
	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
» Revenue according to business segment	3,056,055,933	835,887,927	134,117,282	**4,026,061,142**
» Expenses according to business segment	(1,335,361,487)	(405,117,905)	(105,804,568)	**(1,846,283,960)**
Activities results by sector	**1,720,694,446**	**430,770,022**	**28,312,714**	**2,179,777,182**
» Profit before tax	1,720,694,446	430,770,022	28,312,714	**2,179,777,182**
» Tax	(340,172,340)	(85,159,580)	(5,597,184)	**(430,929,104)**
Profit for the year	**1,380,522,106**	**345,610,442**	**22,715,530**	**1,748,848,078**
Geographical segments assets	75,287,082,794	9,812,046,055	529,090,184	**85,628,219,033**
Total assets	**75,287,082,794**	**9,812,046,055**	**529,090,184**	**85,628,219,033**

Dec.31, 2010	Egypt			
	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
» Revenue according to business segment	3,050,683,873	775,199,795	118,266,971	**3,944,150,639**
» Expenses according to business segment	(997,889,633)	(329,539,165)	(83,836,154)	**(1,411,264,952)**
Activities results by sector	**2,052,794,240**	**445,660,630**	**34,430,817**	**2,532,885,687**
» Profit before tax	2,052,794,240	445,660,630	34,430,817	**2,532,885,687**
» Tax	(317,963,473)	(68,609,725)	(5,300,645)	**(391,873,843)**
Profit for the year	**1,734,830,767**	**377,050,905**	**29,130,172**	**2,141,011,844**
Geographical segments assets	58,494,319,849	15,582,459,610	1,016,101,986	**75,092,881,445**
Total assets	**58,494,319,849**	**15,582,459,610**	**1,016,101,986**	**75,092,881,445**

6. Net interest income

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
Interest and similar income		
» Banks	142,055,284	113,507,031
» Clients	2,900,254,722	2,306,925,726
	3,042,310,006	**2,420,432,757**
» Treasury bills and bonds	2,229,154,572	1,929,290,408
» Reverse repos	22,223,513	16,639,271
» Financial investment in held to maturity and available for sale debt instruments	165,313,561	155,040,368
» Other	246,625	(12,517)
Total	**5,459,248,277**	**4,521,390,287**
Interest and similar expense		
» Banks	188,421,651	70,469,233
» Clients	2,567,289,984	2,193,757,602
	2,755,711,635	**2,264,226,835**
» Financial instruments purchased with a commitment to re-sale (Repos)	22,306,090	219,881
» Other	2,685,436	2,122,799
Total	**2,780,703,161**	**2,266,569,515**
Net interest income	**2,678,545,116**	**2,254,820,772**

7. Net income from fee and commissions

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
Fee and commission income		
» Fee and commissions related to credit	554,737,120	518,885,060
» Custody fee	37,706,902	39,158,012
» Other fee	273,176,918	277,111,169
Total	**865,620,940**	**835,154,241**
Fee and commission expense		
» Other fee paid	(87,451,431)	(84,876,559)
Total	**(87,451,431)**	**(84,876,559)**
Net income from fee and commission	**778,169,509**	**750,277,682**

8. Dividend income

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Trading securities	874,720	1,330,647
» Available for sale securities	45,773,632	150,827,877
» Subsidiaries and associates	13,272,726	32,150,568
Total	**59,921,078**	**184,309,092**

9. Net trading income

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Profit from foreign exchange	270,282,709	334,230,241
» Profit from revaluations of trading assets and liabilities in foreign currencies	6,341,379	9,795,800
» Profit (losses) from forward foreign exchange deals revaluation	1,874,376	(12,297,737)
» (Losses) from interest rate swaps revaluation	(19,845)	(12,912,385)
» Profit (Losses) from currency swap deals revaluation	548,800	(17,643,454)
» Trading debt instruments	52,845,534	107,408,262
» Trading equity instruments	(913,960)	24,670,313
Total	**330,958,993**	**433,251,040**

10. Administrative expenses

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
Staff costs		
» Wages and salaries	599,054,292	476,468,863
» Social insurance	24,707,497	21,713,306
» Other benefits	38,341,470	29,636,810
» Other administrative expenses	674,598,349	660,120,958
Total	**1,336,701,608**	**1,187,939,938**

11. Other operating (expenses) income

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» (Losses) Profits from non-trading assets and liabilities revaluation	(70,649,572)	(90,859,875)
» Profits from selling property, plant and equipment	2,716,747	1,574,746
» Release (charges) of other provisions	45,511,985	138,839,630
» Others	(63,110,114)	(47,783,172)
Total	**(85,530,954)**	**1,771,329**

12. Impairment charge for credit losses

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Loans and advances to customers	(322,276,483)	(6,783,757)
» Held to maturity financial investments	1,627,620	620,261
Total	**(320,648,863)**	**(6,163,496)**

13. Adjustments to calculate the effective tax rate

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Profit before tax	2,179,777,182	2,532,885,687
» Tax rate	From 20% to 25%	20%
Income tax based on accounting profit	**544,444,295**	**506,577,137**
Add / (Deduct)		
» Non-deductible expenses	24,155,850	9,030,248
» Tax exemptions	(183,887,532)	(113,094,263)
» Effect of provisions	46,216,491	(10,639,280)
Income tax	**430,929,104**	**391,873,842**
Effective tax rate	**19.77%**	**15.47%**

14. Earning per share

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Net profit for the year available for distribution	1,636,540,147	2,014,222,751
» Board member's bonus	(24,548,102)	(30,213,341)
» Staff profit sharing	(163,654,015)	(201,422,275)
Shareholders' share in profits	**1,448,338,030**	**1,782,587,134**
» Number of shares	593,456,299	593,456,299
Basic earning per share	**2.44**	**3.00**
» By issuance of ESOP earning per share will be:-		
number of shares including ESOP shares	606,132,335	606,132,335
Diluted earning per share	**2.39**	**2.94**

15. Cash and balances with central bank

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Cash	1,891,659,489	1,399,250,089
Obligatory reserve balance with CBE:-		
» Current accounts	5,600,405,021	4,275,991,702
Total cash and due from central bank	**7,492,064,510**	**5,675,241,791**
Non-interest bearing balances	**7,492,064,510**	**5,675,241,791**

16. Due from banks

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Current accounts	197,047,111	374,811,766
» Deposits	8,252,251,594	6,394,795,631
Total due from banks	**8,449,298,705**	**6,769,607,397**
» Central banks (except Obligatory reserve)	3,031,574,198	2,539,019,714
» Local banks	155,171,707	540,547,702
» Foreign banks	5,262,552,800	3,690,039,981
Total due from banks	**8,449,298,705**	**6,769,607,397**
» Non-interest bearing balances	149,987,713	289,402,609
» Fixed interest bearing balances	8,299,310,992	6,480,204,788
Total due from banks	**8,449,298,705**	**6,769,607,397**
» Current balances	8,449,298,705	6,769,607,397
Total due from banks	**8,449,298,705**	**6,769,607,397**

17. Treasury bills and other governmental notes

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» 91 Days maturity	1,866,250,000	2,126,041,239
» 182 Days maturity	2,559,925,000	3,830,900,000
» 364 Days maturity	6,861,223,570	3,659,550,000
	11,287,398,570	**9,616,491,239**
» Unearned income	(634,008,503)	(416,346,434)
Total treasury bills	**10,653,390,067**	**9,200,144,805**
» Repos - AFS corporate bonds	-	(379,141,239)
» Repos - treasury bonds	(1,440,000,000)	-
Total treasury bills and other governmental notes	**9,213,390,067**	**8,821,003,566**

18. Trading financial assets

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
Debt instruments		
» Governmental bonds	353,860,497	861,157,325
» Other debt instruments	-	19,067,562
Total debt instruments	**353,860,497**	**880,224,887**
Equity instruments		
» Foreign company shares	18,677,035	74,031,984
» Mutual fund	188,546,741	467,781,970
Total equity instruments	**207,223,776**	**541,813,954**
Total financial assets for trading	**561,084,273**	**1,422,038,841**

19. Loans and advances to banks

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Time and term loans	1,433,545,112	128,527,576
Total loans and advances to banks	**1,433,545,112**	**128,527,576**
» Impairment provision	(37,950,503)	(2,694,538)
Net loans and advances to banks	**1,395,594,609**	**125,833,038**
Distributed to		
» Non-current balances	1,395,594,609	125,833,038
Net loans and advances to banks	**1,395,594,609**	**125,833,038**

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
Impairment provision to banks		
» Balance at beginning of the year	2,694,538	46,351,691
» Charged during the year	34,736,518	(12,138,367)
» Write off during the year	-	(31,649,180)
» Recoveries from written off debts	-	-
» Exchange revaluation difference	519,447	130,395
Balance at the end of the year	**37,950,503**	**2,694,538**

20. Loans and advances to customers

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
Individual		
» Overdrafts	952,982,877	695,995,810
» Credit cards	575,672,905	530,877,533
» Personal loans	2,659,469,004	1,960,327,857
» Mortgages	419,990,050	432,348,843
» Other loans	40,265,000	84,424,581
Total (1)	**4,648,379,836**	**3,703,974,624**
Corporate		
» Overdrafts	4,239,213,684	3,331,087,693
» Direct loans	25,232,315,809	21,584,681,502
» Syndicated loans	7,278,053,191	7,758,798,180
» Other loans	101,625,796	209,582,685
Total (2)	**36,851,208,480**	**32,884,150,060**
Loans and advances to customers (1+2)	**41,499,588,316**	**36,588,124,684**
» Unamortized bills discount	(45,231,397)	(59,528,351)
» Impairment provision	(1,419,409,102)	(1,255,187,888)
» Unearned interest	(365,161,953)	(224,700,550)
Net loans and advances to customers	**39,669,785,864**	**35,048,707,895**
Distributed to		
» Current balances	17,307,625,654	13,178,840,189
» Non-current balances	22,362,160,210	21,869,867,706
Net loans and advances to customers	**39,669,785,864**	**35,048,707,895**

- Analysis of the impairment provision for customers

Dec.31, 2011

	Individual					
	Overdrafts	Credit cards	Personal loans	Real estate loans	Other loans	Total
» Balance at beginning of the year	6,948,242	42,119,828	71,459,209	8,888,164	13,400,430	**142,815,873**
» Charged during the year	13,429,372	5,306,910	6,589,871	2,988,133	(11,806,498)	**16,507,788**
» Write off during the year	-	(8,858,433)	(2,273,609)	-	-	**(11,132,042)**
» Recoveries from written off debts	-	3,721,913	727,000	-	-	**4,448,913**
Balance at the end of the year	**20,377,614**	**42,290,218**	**76,502,471**	**11,876,297**	**1,593,932**	**152,640,532**

	Corporate					
	Overdrafts	Direct loans	Syndicated loans	Other loans	Discounted bills	Total
» Balance at beginning of the year	149,208,018	759,961,827	200,640,880	2,561,291	-	**1,112,372,016**
» Charged during the year	17,175,711	154,370,230	100,360,788	(874,553)	-	**271,032,176**
» Write off during the year	-	(144,805,506)	-	-	-	**(144,805,506)**
» Recoveries from written off debts	-	11,291,492	-	-	-	**11,291,492**
» Exchange revaluation difference	1,271,665	9,979,730	5,626,998	-	-	**16,878,393**
Balance at the end of the year	**167,655,394**	**790,797,773**	**306,628,666**	**1,686,738**	**-**	**1,266,768,571**

Dec.31, 2010

	Individual					
	Overdrafts	Credit cards	Personal loans	Real estate loans	Other loans	Total
» Balance at beginning of the year	6,217,574	63,472,214	123,755,953	6,607,506	-	**200,053,247**
» Charged during the year	730,668	(2,677,769)	(51,790,357)	2,280,658	13,400,430	**(38,056,370)**
» Write off during the year	-	(21,890,799)	(762,282)	-	-	**(22,653,081)**
» Recoveries from written off debts	-	3,216,182	255,895	-	-	**3,472,077**
Balance at the end of the year	**6,948,242**	**42,119,828**	**71,459,209**	**8,888,164**	**13,400,430**	**142,815,873**

	Corporate					
	Overdrafts	Direct loans	Syndicated loans	Other loans	Discount-ed bills	Total
» Balance at beginning of the year	143,233,239	731,698,517	180,395,034	2,462,719	-	**1,057,789,508**
» Charged during the year	4,274,439	41,348,827	11,256,656	98,572	-	**56,978,494**
» Write off during the year	-	(51,552,415)	-	-	-	**(51,552,415)**
» Recoveries from written off debts	-	25,694,981	-	-	-	**25,694,981**
» Exchange revaluation dif-ference	1,700,340	12,771,917	8,989,190	-	-	**23,461,447**
Balance at the end of the year	**149,208,018**	**759,961,827**	**200,640,880**	**2,561,291**	**-**	**1,112,372,016**

21. Derivative financial instruments

21-1 Derivatives

The bank uses the following financial derivatives for non hedging purposes.

- Forward contracts represents commitments of buying foreign and local currencies including unexecuted spot transactions. Future contracts for foreign currencies and/or interest rates represents contractual commitments to receive or pay net amount on the basis of changes in foreign exchange rates or interest rates, and/or buying or selling foreign currencies or financial instruments in a future date with a fixed contractual price under active financial market.
- Credit risk is considered low, and future interest rate contracts represents future exchange rate contracts negotiated for case by case, these contracts requires financial settlements of any differences in contractual interest rates and prevailing market interest rates on future dates based on contractual amount (nominal value) pre agreed upon.
- Foreign exchange and/or interest rate swap represents commitments to exchange cash flows, resulting from these contracts exchange of currencies or interest (fixed rate versus variable rate for example) or both (meaning foreign exchange and interest rate contracts)/ contractual amounts are not exchanged except for some foreign exchange contracts
- Credit risk is represented in the expected cost of foreign exchange contracts that takes place if other parties default to fulfill their liabilities. This risk is monitored continuously through comparisons of fair value and contractual amount, and to control the outstanding credit risk, the bank evaluates other parties using the same methods as in borrowing activities.
- Options contracts in foreign currencies and/or interest rates represents contractual agreements for the buyer (issuer) to seller (holders) as a right not an obligations whether to buy (buy option) or to sell (sell option) at a certain day or within certain period for a certain amount in foreign currency or interest rate. Options contracts are either traded in the market or negotiated between the bank and one of its clients (Off balance sheet). The bank exposed to credit risk for purchased options contracts only and in the line of its book cost which represent its fair value.
- The contractual value for some derivatives options considered a base to compare the realized financial instruments on the balance sheet, but it didn't provide indicator on the projected cash flows of the fair value for current instruments, those amounts doesn't reflects credit risk or interest rate risk.

- Derivatives in the banks benefit represent (assets) conversely it represents (liabilities) as a result of the changes in foreign exchange prices or interest rates related to these derivatives. Contractual / expected total amounts of financial derivatives can fluctuate from time to time and also the range through which the financial derivatives can be in benefit of the bank or conversely against its benefit and the total fair value of the financial derivatives in assets and liabilities. hereunder are the fair values of the booked financial derivatives.

A- For trading derivatives

	Dec.31, 2011			Dec.31, 2010		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Foreign derivatives:-						
» Forward foreign exchange contracts	**1,324,589,420**	14,828,172	5,643,831	**3,072,183,403**	10,189,895	17,784,952
» Currency swap	**1,408,305,712**	54,023,412	13,909,846	**5,252,345,990**	95,810,458	46,796,806
» Options	**509,022,896**	2,251,502	2,251,502	**129,589,977**	587,555	587,555
Total derivatives (1)		**71,103,086**	**21,805,179**		**106,587,908**	**65,169,313**
Interest rate derivatives:-						
» Interest rate swaps	**1,124,316,614**	15,667,505	11,842,172	**2,116,390,500**	18,033,720	32,936,778
Total derivatives (2)		**15,667,505**	**11,842,172**		**18,033,720**	**32,936,778**
» Commodity	**128,045,173**	870,385	870,385	**37,459,113**	7,229,086	7,229,086
Total derivatives (3)		**870,385**	**870,385**		**7,229,086**	**7,229,086**
Total assets (liability) for trading derivatives (1+2+3)		**87,640,976**	**34,517,736**		**131,850,714**	**105,335,177**

B- Fair value hedge

	Dec.31, 2011			Dec.31, 2010		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives:-						
» Governmental debit instruments hedging	**524,775,300**	-	78,514,812	**-**	-	-
» Customers deposits hedging	**3,661,135,640**	58,903,680	1,255,442	**1,159,112,554**	7,413,234	8,215,863
Total assets (liability) for hedging derivatives (4)		**58,903,680**	**79,770,254**		**7,413,234**	**8,215,863**
Total financial derivatives (1+2+3+4)		**146,544,656**	**114,287,990**		**139,263,948**	**113,551,040**

21-2 Hedging derivatives

Fair value hedge

- The bank uses interest rate swap contracts to cover part of the risk of potential decrease in fair value of its fixed rate governmental debt instruments in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 78,514,812 at the end of December, 2011 against EGP (0) at the end of December, 2010, Resulting in net losses form hedging instruments at the end of December, 2011 EGP 78,514,812 against EGP (0) at the end of December, 2010. Profits arises from the hedged items at the end of December, 2011 reached EGP 77,848,826 against EGP (0) at the end of December, 2010.
- The bank uses interest rate swap contracts to cover part of the risk of potential decrease in fair value of its fixed rate customers deposits in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 57,648,238 at the end of December, 2011 against EGP 802,629 at the end of December, 2010, Resulting in net profits form hedging instruments at the end of December, 2011 EGP 58,450,867 against net losses EGP 802,629 at the end of December, 2010. Losses arises from the hedged items at the end of December, 2011 reached EGP 57,855,943 against profits EGP 608,038 at the end of December, 2010.

22. Financial investments

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
Available for sale		
» Listed debt instruments	14,533,886,080	12,182,202,264
» Listed equity instruments	79,748,671	88,634,556
» Unlisted instruments	798,931,318	1,334,510,210
Total available for sale financial investment	**15,412,566,069**	**13,605,347,030**
Held to maturity		
» Listed debt instruments	1,580,420	54,083,377
» Unlisted instruments	27,512,500	235,068,368
Total held to maturity financial investment	**29,092,920**	**289,151,745**
Total financial investment	**15,441,658,989**	**13,894,498,775**
» Listed instruments	13,301,628,105	11,983,836,014
» Unlisted instruments	2,140,030,884	1,910,662,761
	15,441,658,989	**13,894,498,775**
» Fixed interest debt instruments	12,978,748,170	11,505,888,130
» Floating interest debt instruments	1,919,838,711	1,849,898,303
	14,898,586,881	**13,355,786,433**

	Available for sale financial investment	Held to maturity financial investment	Total
Beginning balance on Jan.01, 2010	**7,420,529,606**	**579,926,673**	**8,000,456,279**
» Addition	9,474,625,202	5,012,500	9,479,637,702
» Deduction (selling - redemptions)	(3,466,577,997)	(311,446,590)	(3,778,024,587)
» Exchange revaluation differences	68,054,023	15,659,162	83,713,185
» Profit (Losses) from fair value difference	108,716,196	-	108,716,196
Balance at end of year	**13,605,347,030**	**289,151,745**	**13,894,498,775**
Beginning balance on Jan.01, 2011	**13,605,347,030**	**289,151,745**	**13,894,498,775**
» Addition	4,535,816,258	5,000,000	4,540,816,258
» Deduction (selling - redemptions)	(2,135,258,815)	(271,802,813)	(2,407,061,627)
» Exchange revaluation differences	55,264,416	5,116,368	60,380,784
» Profit (Losses) from fair value difference	(647,348,588)	-	(647,348,588)
» Impairment (charges) release	(1,254,232)	1,627,620	373,388
Balance at the end of year	**15,412,566,069**	**29,092,920**	**15,441,658,989**

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
Profit from financial investments		
» Profit from selling available for sale financial instruments	37,608,880	203,689,153
» Impairment (charges) of available for sale equity instruments	(1,254,232)	(9,844,647)
» Impairment release of available for sale debt instruments	55,264,416	68,054,023
» Profits (Losses)from selling investments in subsidiaries and associates	1,873,813	(96)
» (Losses) from impairment of subsidiaries and associates	(18,430,000)	(159,325,957)
» Profit (Losses) from selling held to maturity debt investments	1,034	(13,270)
	75,063,911	**102,559,206**

23. Investments in subsidiary and associates

Dec.31, 2011	Company's Country	EGP Company's Assets	EGP Company's Liabilities (without equity)	EGP Company's Revenues	EGP Company's Net Profit	EGP Share Amount	Share percentage %
(A) Subsidiaries							
» CI Capital Holding	Egypt	494,679,584	152,092,327	87,475,153	(37,629,469)	867,656,000	99.98
(B) Associates							
» Commercial International Life Insurance	Egypt	1,532,549,363	1,469,720,530	108,295,223	791,813	44,520,250	45
» Corplease	Egypt	1,418,875,386	1,271,498,831	162,014,580	6,762,407	60,000,000	40
» Haykala for investment	Egypt	3,595,277	307,737	270,000	103,358	600,000	40
» Egypt Factors	Egypt	179,815,258	165,064,735	18,440,302	(6,533,187)	18,819,528	39
» International Co. for Security and Services (Falcon)	Egypt	62,511,444	46,751,684	71,809,412	(2,721,265)	4,000,000	40
Total financial investments in subsidiary and associates		**3,692,026,312**	**3,105,435,844**	**448,304,670**	**(39,226,343)**	**995,595,778**	

Dec.31, 2010	Company's Country	EGP Company's Assets	EGP Company's Liabilities (without equity)	EGP Company's Revenues	EGP Company's Net Profit	EGP Share Amount	Share percentage %
(A) Subsidiaries							
» CI Capital Holding	Egypt	833,968,315	448,454,478	152,335,478	(199,263,438)	886,086,000	99.98
(B) Associates							
» Commercial International Life Insurance	Egypt	1,597,541,347	1,539,900,007	223,889,211	3,147,882	44,520,250	45
» Corplease	Egypt	1,162,538,842	1,045,472,389	186,387,640	8,460,701	42,000,000	40
» Haykala for Investment	Egypt	3,388,431	246,623	1,590,695	328,789	600,000	40
» Egypt Factors	Egypt	189,004,746	164,773,230	14,896,877	(3,036,572)	18,111,288	39
» International. Co. for Appraisal and Collection.	Egypt	6,986,318	662,370	8,176,394	3,553,173	1,000,000	40
» - International Co. for Security and Services (Falcon)	Egypt	46,349,141	20,501,661	55,280,073	11,620,683	4,000,000	40
Total investments in subsidiary and associates		**3,839,777,140**	**3,220,010,758**	**642,556,368**	**(175,188,783)**	**996,317,538**	

24. Real estate investments

	Dec.31, 2011 EGP Book value	Dec.31, 2010 EGP Book value
Assets*		
» Building number 17 tiba st. Eldokki next to shooting club	-	7,600,000
» Commercial unit number f 35 in arkadia mall (14 elbahr st. Boulak kornish el nile)	-	361,200
» Appartment in the first floor 230 meters elmadina tower elgomhoria st. Port said	750,000	750,000
» 338.32 meters on a land and building the property number 16 elmakrizi st. Heliopolis	700,000	1,000,000
» Villa number 113 royal hills 6th of october	2,000,000	2,000,000
» A land area with 1468.85 meters elsaidi basin -markaz nabrouh eldakahlia	1,121,965	1,121,965
» Land and a bulding in elmansoura elnahda street 766.3 meters	3,463,000	3,463,000
» Agricultural area 1 feddan 14t and 17.25 shares near el azazi fak-ous elsharkia	222,000	222,000
» Land number 16 mit khamis elmansoura (3 carats, 15 share)which equals 645 meters	-	1,935,000
» Agriculutral area - markaz shebin eldakahlia **	4,517,721	10,242,499
Total	**12,774,686**	**28,695,664**

25. Other assets

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Accrued revenues	898,844,761	801,607,656
» Prepaid expenses	75,649,940	68,889,983
» Advances to purchase of fixed assets	103,989,488	53,943,062
» Accounts receivable and other assets ***	433,844,754	446,874,086
» Assets acquired as settlement of debts	6,180,933	4,630,353
Total other assets	**1,518,509,876**	**1,375,945,140**

* This include the value of premises that was not recorded under the bank's name by EGP 12.774.686 which were acquired against settle-ment of the debts mentioned above, in the same time the legal procedures are under process to register or sell these assets within the period required by law.

** 22 feddans 9 carats had been sold from total 47 feddans 11 carats

*** Include EGP 6,331,048 as assets held for sale.

26. Property, plant and equipment

Dec.31, 2011

	Land EGP	Premises EGP	IT EGP	Vehicles EGP	Fitting -out EGP	Machines & equip-ment EGP	Furniture & fur-nishing EGP	Total EGP
» Opening bal-ance (3)	60,575,261	404,470,794	698,325,384	37,663,015	249,926,926	241,193,182	104,768,779	**1,796,923,341**
» Additions (deductions) during the year	-	19,324,100	42,904,535	9,235,318	17,312,320	15,634,265	1,367,812	**105,778,350**
Closing balance (1)	**60,575,261**	**423,794,894**	**741,229,919**	**46,898,333**	**267,239,246**	**256,827,447**	**106,136,591**	**1,902,701,691**
» Accu.deprecia-tion at begin-ning of the year (4)	-	141,165,205	491,048,946	21,091,258	207,345,143	158,651,862	61,549,769	**1,080,852,183**
» Current year depreciation	-	20,705,025	85,369,764	4,724,233	33,648,921	29,873,446	10,752,825	**185,074,214**
Accu.depre-ciation at end of the year (2)	**-**	**161,870,230**	**576,418,710**	**25,815,491**	**240,994,064**	**188,525,308**	**72,302,594**	**1,265,926,397**
» End of year net assets (1-2)	60,575,261	261,924,664	164,811,209	21,082,842	26,245,182	68,302,139	33,833,997	**636,775,294**
Beginning of year net assets (3-4)	**60,575,261**	**263,305,589**	**207,276,438**	**16,571,757**	**42,581,783**	**82,541,320**	**43,219,010**	**716,071,158**
Depreciation rates		**%5**	**%20**	**%20**	**%33.3**	**33.3%**	**20%**	

- Net fixed assets value on the balance sheet date includes EGP 47,111,589 non registered assets while their registrations procedures are in process.

27. Due to banks

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Current accounts	493,794,517	628,594,359
» Deposits	2,847,000,000	693,685,550
	3,340,794,517	**1,322,279,909**
» Central banks	46,941,713	67,074,769
» Local banks	2,905,759,685	110,476,364
» Foreign banks	388,093,119	1,144,728,776
	3,340,794,517	**1,322,279,909**
» Non-interest bearing balances	398,317,328	528,398,567
» Fixed interest bearing balances	2,942,477,189	793,881,342
	3,340,794,517	**1,322,279,909**
» Current balances	493,794,517	628,594,359
» Non-current balances	2,847,000,000	693,685,550
	3,340,794,517	**1,322,279,909**

28. Due to customers

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Demand deposits	17,048,122,359	16,778,775,254
» Time deposits	24,532,817,359	21,893,614,059
» Certificates of deposit	18,819,931,329	15,205,693,671
» Saving deposits	9,484,866,150	8,321,204,407
» Other deposits	1,688,310,333	1,280,596,233
	71,574,047,530	**63,479,883,624**
» Corporate deposits	37,227,665,007	34,159,843,374
» Individual deposits	34,346,382,523	29,320,040,250
	71,574,047,530	**63,479,883,624**
» Non-interest bearing balances	10,855,512,526	9,935,629,948
» Fixed interest bearing balances	60,718,535,004	53,544,253,676
	71,574,047,530	**63,479,883,624**
» Current balances	50,607,367,855	47,968,184,622
» Non-current balances	20,966,679,675	15,511,699,002
	71,574,047,530	**63,479,883,624**

29. Long term loans

	Rate %	Maturity date	Maturing through next year EGP	Balance on Dec.31, 2011 EGP	Balance on Dec.31, 2010 EGP
» Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	8,602,483	13,697,721	34,363,003
» Support to Private Sector Industry Environmental Protection II (KFW)	10.5 - 9	2012	3,285,048	3,285,048	8,966,582
» United Nations Industrial Development Organization (UNIDO)	1	2011	-	-	60,014
» Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	66,930,000	78,570,000	78,352,222
» Social Fund for Development (SFD)	3 months T/D or 9% which more		167,326	167,326	417,000
» Spanish Cooperation Microfinance Fund (SCMF)	0.5	2012	3,613,282	3,613,282	6,954,604
Total			**82,598,138**	**99,333,376**	**129,113,425**

30. Other liabilities

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Accrued interest payable	263,654,637	208,214,717
» Accrued expenses	162,930,130	95,867,298
» Accounts payable	345,917,454	376,604,579
» Income tax	446,414,136	431,731,219
» Other credit balances	94,869,079	16,501,393
Total	**1,313,785,436**	**1,128,919,206**

31. Other provisions

	Dec.31, 2011 EGP					
	Opening balance	Charged during the year	Exchange revaluation difference	Usage during the year	Balance no longer required	Closing balance
» Provision for income tax claims	6,909,685	-	-	-	-	**6,909,685**
» Provision for legal claims	33,150,547	2,021,413	-	-	-	**35,171,959**
» Provision for contingent	256,708,900	-	2,321,223	(178,971)	(48,748,110)	**210,103,042**
» Provision for other claim	13,469,799	2,196,294	8,397	(3,233,267)	-	**12,441,223**
Total	**310,238,930**	**4,217,707**	**2,329,620**	**(3,412,238)**	**(48,748,110)**	**264,625,909**

	Dec.31, 2010 EGP					
	Opening balance	Charged during the year	Exchange revaluation difference	Usage during the year	Balance no longer required	Closing balance
» Provision for income tax claims	146,909,685	-	-	-	(140,000,000)	**6,909,685**
» Provision for legal claims	3,401,533	32,479,464	-	(5,000)	(2,725,450)	**33,150,547**
» Provision for contingent	281,592,486	3,094,612	7,334,078	-	(35,312,276)	**256,708,900**
» Provision for other claim	11,824,874	3,624,020	6,542	(1,985,637)	-	**13,469,799**
Total	**443,728,578**	**39,198,096**	**7,340,620**	**(1,990,637)**	**(178,037,726)**	**310,238,930**

32. Equity

(A) Capital

- **The authorized capital reached EGP 20 billion according to the extraordinary general assembly decision on 17 Mar,2010**
- **"Issued and Paid in Capital reached EGP 5,934,562,990 to be divided on 593,456,299 shares with EGP 10 par value for each share based on:**

1- Increase issued and Paid up Capital by amount EGP 25,721,800 on April 21, 2010 in according to Board of Directors decision on November 11,2009 by issuance of first trench for E.S.O.P program

2- "Increase issued and Paid up Capital by amount EGP 2,950,721,800 on July 15, 2010 according to Board of Directors decision on May 12 ,2010 by distribution of one share for every outstanding share by capitalizing on the General Reserve and part of the Legal Reserve.

3- Increase issued and Paid up Capital by amount EGP 33,119,390 on July 31, 2011 in according to Board of Directors decision on November 10,2010 by issuance of second trench for E.S.O.P program

- The Extraordinary General Assembly approved in the meeting of June 26, 2006 to activate a motivating and rewarding program for the bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid-in capital at par value ,through 5 years starting year 2006 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- The Extraordinary General Assembly approved in the meeting of April 13,2011 continue to activate a motivating and rewarding program for the bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid-in capital at par value ,through 5 years starting year 2011 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- Dividend deducted from shareholders' equity in the Year in which the General Assembly recognizes the shareholders of this dividend, which includes staff profit share and remuneration of the Board of Directors stated in the law.

(B) Reserves

- According to the bank status 5% of net profit is to increase legal reserve until it reaches 50% of the bank's issued and paid in capital
- Concurrence of Central Bank of Egypt for usage of special reserve is required.

33. Deferred tax

	Assets (Liabilities) Dec.31, 2011 EGP	Assets (Liabilities) Dec.31, 2010 EGP
» Deferred tax assets and liabilities are attributable to the following:		
» Fixed assets (depreciation)	(12,780,032)	(23,645,342)
» Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	9,522,636	9,324,074
» Other investments impairment	69,148,702	64,727,644
» Reserve for employee stock ownership plan (ESOP)	29,250,420	29,250,318
Total	**95,141,726**	**79,656,694**

34. Share-based payments

- According to the extraordinary general assembly meeting on June 26, 2006, the bank launched new employees share ownership plan (ESOP) scheme and issued equity-settled share-based payments. Eligible employees should complete a term of 3 years of service in the bank to have the right in ordinary shares at face value (right to share) that will be issued on the vesting date; otherwise such grants will be forfeited. Equity-settled share-based payments are measured at fair value at the grant date, and expensed on a straight-line basis over the vesting period (3 years) with corresponding increase in equity based on estimated number of shares that will eventually vest(True up model). The fair value for such equity instruments is measured using of Black-Scholes pricing model.

Details of the rights to share outstanding during the Year are as follows:

	Dec.31, 2011 No. of shares	Dec.31, 2010 No. of shares
» Outstanding at the beginning of the year	10,550,825	10,322,024
» Granted during the year	5,844,356	3,388,366
» Forfeited during the year	(407,206)	(587,385)
» Exercised during the year	(3,311,939)	(2,572,180)
Outstanding at the end of the year	**12,676,036**	**10,550,825**

Details of the outstanding tranches are as follows:

	Exercise price EGP	Fair value EGP	No. of shares
» Maturity date :			
» 2012	10	13.70	3,746,842
» 2013	10	21.70	3,084,838
» 2014	10	21.25	5,844,356
Total			**12,676,036**

The fair value of granted shares is calculated using Black-Scholes pricing model with the following:

	5th tranche	4th tranche
» Exercise price	10	10
» Current share price	31.15	54.68
» Expected life (years)	3	3
» Risk free rate %	11.6%	12%
» Dividend yield%	3.21%	2.74%
» Volatility%	34%	42%

Volatility is calculated based on the daily standard deviation of returns for the last three years.

35. Reserves and retained earnings

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Legal reserve	231,344,896	125,128,337
» General reserve	1,234,274,960	78,564,646
» Retained earnings	15,105,920	20,231,298
» Special reserve	185,931,315	184,356,569
» Reserve for A.F.S investments revaluation difference	(723,070,818)	(18,014,631)
» Banking risks reserve	281,689,619	156,992,515
Total reserves and retained earnings at the end of the year	**1,225,275,892**	**547,258,734**

A- Banking risks reserve

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Beginning balance	156,992,515	26,652,790
» Transferred from profits	124,697,104	130,339,725
Ending balance	**281,689,619**	**156,992,515**

B- Legal reserve

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Beginning balance	125,128,337	513,606,534
» Used during the year	-	(476,326,032)
» Transferred from profits	106,216,559	87,847,835
Ending balance	**231,344,896**	**125,128,337**

C- Reserve for A.F.S investments revaluation difference

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Beginning balance	(18,014,631)	(106,589,600)
» Unrealized gains (losses) from A.F.S investment revaluation	(705,056,187)	108,716,196
» The effect of changing accounting policies	-	(20,141,227)
Ending balance	**(723,070,818)**	**(18,014,631)**

D- Retained earnings

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Beginning balance	20,231,298	(1,942,684)
» Dividend previous year	(5,125,378)	-
» Transferred from special reserve	-	22,173,982
Ending balance	**15,105,920**	**20,231,298**

36. Cash and cash equivalent

	Dec. 31, 2011 EGP	Dec. 31, 2010 EGP
» Cash and balances with central bank	7,492,064,510	5,675,241,791
» Due from banks	8,449,298,705	6,769,607,397
» Treasury bills and other governmental notes	9,213,390,067	8,821,003,566
» Obligatory reserve balance with CBE	(3,014,779,811)	(2,496,478,514)
» Due from banks (time deposits) more than three months	(5,237,471,784)	(3,898,317,117)
» Treasury bills with maturity more than three months	(8,821,367,485)	(7,092,113,082)
Total cash and cash equivalent	**8,081,134,202**	**7,778,944,041**

37. Contingent liabilities and commitments

(A) Legal claims

There are a number of existing cases filed against the bank on Dec.31, 2011 without provision as it's not expected to make any losses from it.

(B) Capital commitments

• Financial investments:-

The capital commitments for the financial investments reached on the date of financial position EGP 173,576,091 as follows:-

	Investments value EGP	Paid EGP	Remaining EGP
» Available for sale financial investments	366,822,734	193,246,643	173,576,091

• Fixed assets and branches constructions;-

The value of commitments for the purchase of fixed assets contracts and branches constructions that have not been implemented till the date of financial statement amounted to EGP 23,292,545

(C) Letters of credit, guarantees and other commitments

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Letters of guarantee	11,263,615,016	10,300,751,367
» Letters of credit (import and export)	753,154,858	989,910,137
» Customers acceptances	542,833,642	589,087,209
Total	**12,559,603,516**	**11,879,748,713**

38. Comparative figures

- The comparative figures are amended to confirm with the reclassification of the current year and general assembly held on 21th of march, 2011, decisions, for ratifying the appropriation account of year 2010.
- The comparative figures of 2010 are amended to confirmed with the effect of changing in accounting policies.

39. Mutual funds

• Osoul fund

- The Bank established an accumulated return mutual fund under license no.331 issued from capital market authority on 22/02/2005. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 44,697,171 with redeemed value EGP 7,786,694,160.
- The market value per certificate reached EGP 174.21 on 31/12/2011.
- The Bank portion got 1,092,899 certificates with redeemed value EGP 190,393,935.

• Istethmar fund

- CIB bank established the second accumulated return mutual fund under license no.344 issued from capital market authority on 26/02/2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 2,520,794 with redeemed value EGP 116,561,515 .
- The market value per certificate reached EGP 46.24 on 31/12/2011.
- The Bank portion got 194,744 certificates with redeemed value EGP 9,004,963 .

- **Aman fund (CIB and Faisal Islamic Bank Mutual Fund)**
  - The Bank and Faisal Islamic Bank established an accumulated return mutual fund under license no.365 issued from capital market authority on 30/07/2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
  - The number of certificates issued reached 766,223 with redeemed value EGP 26,626,249 .
  - The market value per certificate reached EGP 34.75 on 31/12/2011.
  - The Bank portion got 71,943 certificates with redeemed value EGP 2,500,019 .
- **Hemaya fund**
  - CIB bank established an accumulated return mutual fund under license no.585 issued from financial supervisory Authority 23/06/2010. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
  - The number of certificates issued reached 643,744 with redeemed value EGP 68,307,676 .
  - The market value per certificate reached EGP 106.11 on 31/12/2011.
  - The Bank portion got 50,000 certificates with redeemed value EGP 5,305,500 .
- **Thabat fund**
  - CIB bank established an accumulated return mutual fund under license no.613 issued from financial supervisory authority on 13/09/2011. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
  - The number of certificates issued reached 2,619,141 with redeemed value EGP 268,933,398 .
  - The market value per certificate reached EGP 102.68 on 31/12/2011.
  - The Bank portion got 52,304 certificates with redeemed value EGP 5,370,575 .

40. Transactions with related parties

All banking transactions with related parties are conducted in accordance with the normal banking practices and regulations applied to all other customers without any discrimination.

(a) Loans, advances, deposits and contingent liabilities

	EGP
» Loans and advances	780,597,123
» Deposits	232,470,613
» Contingent liabilities	198,213

(b) Other transactions with related parties

	Income (EGP)	Expenses (EGP)
» International Co. for Security & Services	1,715,572	60,682,959
» Corplease Co.	84,790,313	52,413,034
» Commercial International Life Insurance Co.	2,424,880	1,728,547
» Commercial International Brokerage Co.	13,846,930	8,343,581
» Dinamic Company	510,694	142,191
» Egypt Factors	8,975,924	5,955,969
» CI Assets Management	103,972	11,973
» Commercial International Capital Holding Co.	887,906	23,088
» Haykala for Investment	32,759	4,139
» CI Capital Researches	7,991	1,006

(c) Benefits of the board of directors and senior management

Benefits of the board of directors and senior management members reached 3.63% on December.31 ,2011 from total salaries and wages compared with 2.94% on December.31 ,2010

41. Tax status

- The bank's corporate income tax position has been examined and settled with the tax authority from the start up of operations up to the end of year 1984.
- Corporate income tax for the years from 1985 up to 2000 were paid according to the tax appeal committee decision and the disputes are under discussion in the court of law.
- The bank's corporate income tax position has been examined and settled with the tax authority from 2001 up to 2004.
- Corporate income tax for the years 2005-2006 has been examined from the tax authority and paid.

- The bank pays salary tax according to concerning domestic regulations and laws, and the disputes are under discussion in the court of law.
- The bank pay stamp duty tax according to concerning domestic regulations and laws, and the disputes are under discussion in the court of law .

42. Main currencies positions

	Dec. 31, 2011 In thousand EGP	Dec. 31, 2010 In thousand EGP
» Egyptian pound	8,068	11,966
» US dollar	24,134	(6,602)
» Sterling pound	408	(400)
» Japanese yen	(53)	(433)
» Swiss franc	118	130
» Euro	7,481	8,218

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Allied for Accounting & Auditing E&Y
Public accountants & consultants

KPMG Hazem Hassan
Public accountants & consultants

AUDITORS' REPORT

To the Shareholders of
Commercial International Bank (Egypt)

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Commercial International Bank (Egypt) S.A.E, which comprise the consolidated balance sheet as at 31 December 2011, and the consolidated 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 consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the 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 whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Commercial International Bank (Egypt) as of December 31, 2011 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 & the financial statements, issued on December 16, 2008 and the Egyptian laws and regulations relating to the preparation of these financial statements.

Auditors

Emad Hafez Ragheb	Ehab Fawzy Akl
Egyptian Financial Supervisory Authority	Egyptian Financial Supervisory Authority
Register Number "42"	Register Number "96"
Allied For Accounting & Auditing E & Y	**KPMG Hazem Hassan**
Public Accountants & Consultants	**Public Accountants & Consultants**

Cairo, 22 February 2012

Financial Statements: Consolidated

Commercial International Bank (Egypt) S.A.E
Consolidated Balance Sheet as of Dec. 31, 2011

	Notes	Dec. 31, 2011 EGP	Dec. 31, 2010 EGP
Assets			**Restated**
» Cash and balances with central bank	(15)	7,492,064,510	5,675,241,791
» Due from banks	(16)	8,528,229,519	7,054,682,826
» Treasury bills and other governmental notes	(17)	9,260,842,183	8,821,003,566
» Trading financial assets	(18)	675,325,450	1,585,747,835
» Loans and advances to banks	(19)	1,395,594,609	125,833,038
» Loans and advances to customers	(20)	39,669,785,864	35,048,707,895
» Derivative financial instruments	(21)	146,544,656	139,263,948
Financial investments	(22)		
Available for sale		15,421,546,277	13,613,839,805
Held to maturity		39,159,520	299,250,313
Investments in associates	(23)	106,676,167	96,827,733
» Brokers - debit balances		24,185,525	180,368,320
» Reconciliation accounts- debit balances		42,507,905	8,185,474
» Real estate investments	(24)	12,774,686	28,695,664
» Other assets	(25)	1,534,819,491	1,384,657,473
» Goodwill	(41)	120,280,337	160,373,782
» Intangible Assets	(41)	309,353,104	376,820,344
» Deferred tax	(33)	123,977,698	117,602,829
» Property, plant and equipment	(26)	630,508,089	708,330,987
Total assets		**85,534,175,590**	**75,425,433,623**
Liabilities and equity			
Liabilities			
» Due to banks	(27)	3,340,794,517	1,322,279,909
» Due to customers	(28)	71,467,935,259	63,364,177,278
» Brokers- credit balances		111,851,855	393,321,036
» Derivative financial instruments	(21)	114,287,990	113,551,040
» Other liabilities	(30)	1,342,736,040	1,170,197,060
» Long term loans	(29)	99,333,376	129,113,426
» Other provisions	(31)	270,801,909	318,891,119
Total liabilities		**76,747,740,946**	**66,811,530,868**
Equity			
» Issued and paid in capital	(32)	5,934,562,990	5,901,443,600
» Reserves	(32)	1,387,842,060	698,925,842
» Reserve for employee stock ownership plan (ESOP)		137,354,418	149,520,858
» Retained earnings		(334,419,692)	(203,604,610)
Total equity		**7,125,339,776**	**6,546,285,690**
» Net profit of the year after tax		1,614,738,322	2,020,651,426
Total equity and net profit for year		**8,740,078,098**	**8,566,937,116**
» Minority interest		46,356,546	46,965,639
Total minority interest and equity		**8,786,434,644**	**8,613,902,755**
Total liabilities , equity and minority interest		**85,534,175,590**	**75,425,433,623**
Contingent liabilities and commitments			
» Letters of credit, guarantees and other commitments	(37)	12,559,553,516	11,879,698,713

The accompanying notes are an integral part of this financial statements.

Hisham Ramez Abdel Hafez
Vice Chairman and Managing Director

Hisham Ezz El-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Consolidated Income Statement for the year ended on Dec. 31, 2011

	Notes	Dec. 31, 2011 EGP	Dec. 31, 2010 EGP
			Restated
» Interest and similar income		5,470,990,831	4,525,477,709
» Interest and similar expense		(2,781,039,268)	(2,267,786,715)
Net interest income	**(6)**	**2,689,951,563**	**2,257,690,994**
» Fee and commission income		930,569,533	939,363,185
» Fee and commission expense		(87,622,734)	(85,056,559)
Net income from fee and commission	**(7)**	**842,946,799**	**854,306,626**
» Dividend income	(8)	61,506,980	165,539,152
» Net trading income	(9)	343,738,953	447,543,725
» Profit from financial investments	(22)	93,933,572	261,754,102
» Goodwill Amortization		(40,093,445)	(40,093,445)
» Administrative expenses	(10)	(1,449,718,695)	(1,324,853,723)
» Other operating (expenses) income	(11)	(89,850,283)	(30,594,217)
» Impairment charge for credit losses	(12)	(320,648,863)	(6,163,496)
» Intangible Assets Amortization	(41)	(67,467,240)	(196,651,202)
» Bank's share in the profits of associates		(7,859,808)	(4,365,556)
Net profit before tax		**2,056,439,533**	**2,384,112,959**
» Income tax expense	(13)	(448,586,285)	(440,873,459)
» Deferred tax	(13) & (33)	6,374,868	78,770,242
Net profit of the year		**1,614,228,116**	**2,022,009,742**
» Minority interest		(510,206)	1,358,316
Bank shareholders		**1,614,738,322**	**2,020,651,426**
Earning per share	**(14)**		
Basic		**2.19**	**2.79**
Diluted		**2.14**	**2.74**

Hisham Ramez Abdel Hafez
Vice Chairman and Managing Director

Hisham Ezz El-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Consolidated cash flow for the year ended on Dec. 31, 2011

	Dec. 31, 2011 EGP	Dec. 31, 2010 EGP
		Restated
Cash flow from operating activities		
» Net profit before tax	2,056,439,533	2,384,112,959
Adjustments to reconcile net profit to net cash provided by operating activities		
» Depreciation	188,125,507	184,081,368
» Assets impairment charges	322,276,483	6,783,757
» Other provisions charges	4,217,707	80,437,982
» Trading financial investments revaluation differences	49,692,862	(76,970,503)
» Intangible Assets Amortization	67,467,240	196,651,202
» Goodwill Amortization	40,093,445	40,093,445
» Financial investments impairment charge (release)	(60,754,172)	84,837,159
» Utilization of other provisions	(4,068,833)	(1,990,637)
» Other provisions no longer used	(50,567,704)	(178,520,239)
» Exchange differences of other provisions	2,329,620	7,340,620
» Profits from selling property, plant and equipment	(2,716,747)	(1,574,746)
» Profits from selling financial investments	(100,273,310)	(209,478,369)
» Profits from selling associates	(1,873,813)	96
» Exchange differences of long term loans	164,818	141,768
» Shares based payments	77,459,887	66,356,519
» Investments in associates revaluation	7,151,567	3,406,397
» Real estate investments impairment charges	400,000	7,800,000
Operating profits before changes in operating assets and liabilities	**2,595,564,090**	**2,593,508,778**
Net decrease (increase) in assets and liabilities		
» Due from banks	(1,851,562,990)	1,108,771,731
» Treasury bills and other governmental notes	(1,729,254,403)	492,012,203
» Trading financial assets	860,729,523	(1,017,638,376)
» Derivative financial instruments	(6,543,758)	49,107,482
» Loans and advances to banks and customers	(6,213,116,023)	(7,776,687,046)
» Other assets	21,744,773	(171,969,013)
» Due to banks	2,018,514,608	864,134,680
» Due to customers	8,103,757,981	8,715,522,756
» Other liabilities	(560,452,284)	(637,858,814)
Net cash provided from operating activities	**3,239,381,517**	**4,218,904,381**
Cash flow from investing activities		
» Purchase of associates	(18,000,000)	(16,455,599)
» Proceeds from selling associates	1,000,000	48,750
» Purchases of property, plant and equipment	(157,632,289)	(106,117,083)
» Redemption of held to maturity financial investments	270,207,161	311,478,559
» Purchases of held to maturity financial investments	(5,000,000)	(5,012,497)
» Purchases of available for sale financial investments	(4,536,303,691)	(9,474,625,202)
» Proceeds from selling available for sale financial investments	2,181,457,020	3,493,485,835

Commercial International Bank (Egypt) S.A.E

Consolidated cash flow for the year ended on Dec. 31, 2011

	Dec. 31, 2011 EGP	Dec. 31, 2010 EGP
» Proceeds from selling real estate investments	15,520,978	5,989,700
Net cash generated from (used in) investing activities	**(2,248,750,821)**	**(5,791,207,537)**
Cash flow from financing activities		
» Increase (decrease) in long term loans	(29,944,868)	35,734,616
» Dividend paid	(844,414,580)	(661,806,331)
» Capital increase	33,119,390	25,721,800
Net cash generated from (used in) financing activities	**(841,240,058)**	**(600,349,915)**
» Net increase (decrease) in cash and cash equivalent	149,390,638	(2,172,653,071)
» Beginning balance of cash and cash equivalent	8,058,126,497	10,230,779,568
Cash and cash equivalent at the end of the year	**8,207,517,135**	**8,058,126,497**
Cash and cash equivalent comprise		
» Cash and balances with central bank	7,492,064,510	5,675,241,791
» Due from banks	8,528,229,519	7,054,682,826
» Treasury bills and other governmental notes	9,260,842,183	8,821,003,566
» Obligatory reserve balance with CBE	(3,014,779,811)	(2,496,478,514)
» Due from banks (time deposits) more than three months	(5,237,471,783)	(3,904,210,090)
» Treasury bills with maturity more than three months	(8,821,367,483)	(7,092,113,082)
Total cash and cash equivalent	**8,207,517,135**	**8,058,126,497**

Commercial International Bank (Egypt) S.A.E

Consolidated statement of changes in shareholders' equity as of Dec. 31, 2011

Dec. 31, 2010	Capital EGP	Legal reserve EGP	General reserve EGP	Intangible assets value for bank share before acquisition EGP	Retained earnings EGP	Special reserve EGP	Reserve For A.F.S investments revaluation diff. EGP	Banking risks reserve EGP	Profits of the year EGP	Reserve for employee stock ownership plan (ESOP) EGP	Total Shareholders Equity EGP	Minority Interest EGP	Total EGP
Restated													
Beginning balance	**2,925,000,000**	**513,606,534**	**1,463,504,300**	**302,794,421**	**(176,287,838)**	**206,530,551**	**(107,124,766)**	**26,652,790**	**1,717,315,559**	**161,728,984**	**7,033,720,534**	**45,607,323**	**7,079,327,857**
» Capital increase	2,976,443,600	(476,326,032)	(2,474,395,768)	-	-	-	-	-	-	-	25,721,800	-	25,721,800
» Transferred to reserves	-	87,847,835	1,089,303,930	-	-	-	-	-	(1,098,587,119)	(78,564,646)	-	-	-
» Transferred to retained earnings	-	-	-	-	(28,903,907)	(22,173,982)	-	-	43,077,890	-	(7,999,999)	-	(7,999,999)
» Dividend paid	-	-	-	-	-	-	-	-	(661,806,331)	-	(661,806,331)	-	(661,806,331)
» Net profit of the year	-	-	-	-	-	-	-	-	2,020,651,426	-	2,020,651,426	1,358,316	2,022,009,742
» Change during the year	-	-	-	-	1,587,135	-	-	-	-	-	1,587,135	-	1,587,135
» Addition from financial investment revaluation	-	-	-	-	-	-	108,847,257	-	-	-	108,847,257	-	108,847,257
» Transferred to bank risk reserve	-	-	-	-	-	-	-	130,339,725	(130,339,725)	-	-	-	-
» Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	-	66,356,519	66,356,519	-	66,356,519
» The effect of changing accounting policies	-	-	-	-	-	-	(20,141,227)	-	-	-	(20,141,227)	-	(20,141,227)
Balance at the end of the year	**5,901,443,600**	**125,128,337**	**78,412,462**	**302,794,421**	**(203,604,610)**	**184,356,569**	**(18,418,736)**	**156,992,515**	**1,890,311,700**	**149,520,858**	**8,566,937,115**	**46,965,639**	**8,613,902,754**

Commercial International Bank (Egypt) S.A.E

Consolidated statement of changes in shareholders' equity as of Dec. 31, 2011

Dec. 31, 2011	Capital EGP	Legal reserve EGP	General reserve EGP	Intangible assets value for bank share before acquisition EGP	Retained earnings EGP	Special reserve EGP	Reserve For A.F.S investments revaluation diff. EGP	Banking risks reserve EGP	Profits of the year EGP	Reserve for employee stock ownership plan (ESOP) EGP	Total Shareholders Equity EGP	Minority Interest EGP	Total EGP
Beginning balance	**5,901,443,600**	**125,128,337**	**78,412,462**	**302,794,421**	**(203,604,610)**	**184,356,569**	**(18,418,736)**	**156,992,515**	**1,890,311,700**	**149,520,858**	**8,566,937,115**	**46,965,639**	**8,613,902,754**
» Capital increase	33,119,390	-	-	-	-	-	-	-	-	-	33,119,390	-	33,119,390
» Transferred to reserves	-	106,216,559	1,155,710,314	-	-	1,574,746	-	-	(1,173,875,293)	(89,626,327)	-	-	-
» Transferred to retained earnings	-	-	-	-	(122,852,795)	-	-	-	122,852,795	-	-	-	-
» Dividend paid	-	-	-	-	(20,231,298)	-	-	-	(824,183,282)	-	(844,414,580)	-	(844,414,580)
» Net profit of the year	-	-	-	-	-	-	-	-	1,614,738,322	-	1,614,738,322	(510,206)	1,614,228,116
» Change During the year	-	-	-	-	(2,836,909)	-	-	-	-	-	(2,836,909)	(98,887)	(2,935,796)
» Addition from financial investment revaluation	-	-	-	-	-	-	(704,925,127)	-	-	-	(704,925,127)	-	(704,925,127)
» Transferred to bank risk reserve	-	-	-	-	-	-	-	124,697,104	(124,697,104)	-	-	-	-
» Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	-	77,459,887	77,459,887	-	77,459,887
» The effect of changing accounting policies	-	-	-	-	15,105,920	-	-	-	(15,105,920)	-	-	-	-
Balance at the end of the year	**5,934,562,990**	**231,344,896**	**1,234,122,776**	**302,794,421**	**(334,419,692)**	**185,931,315**	**(723,343,863)**	**281,689,619**	**1,490,041,219**	**137,354,418**	**8,740,078,099**	**46,356,546**	**8,786,434,644**

Commercial International Bank (Egypt) S.A.E

Notes on the Consolidated Financial Statements
For the Financial Year From January 1, 2011 to December 31, 2011

1. General information

Commercial international bank (Egypt) provides retail, corporate banking and investment banking services in various parts of Egypt through 110 branches, and 44 units employing over 4495 employees at the balance sheet date.

Commercial international bank (Egypt) S.A.E was formed as a commercial bank under the investment law no. 43 of 1974. The address of its registered head office is as follows: Nile Tower, 21/23 Charles de Gaulle street-Giza.

CI Capital Holding Co S.A.E it was established as a joint stock company on April 9th, 2005 under the capital market law no. 95 of 1992 and its executive regulations. Financial register no. 166798 on April 10th, 2005 and the company have been licensed by the capital market authority to carry out its activities under license no. 353 on may 24th, 2006.

As of December 31, 2011 the bank directly owns 54,988,500 shares representing 99.98% of CI Capital Holding Company's capital and on December 31, 2011 CI Capital Holding Co. Directly owns the following shares in its subsidiaries:

Company name	No. of shares	Ownership%	Indirectly Share%
• CIBC Co.	579,570	96.60	96.58
• CI Assets Management	478,577	95.72	95.70
• CI Investment Banking Co.	481,578	96.30	96.28
• CI for Research Co.	448,500	96.32	96.30
• Dynamic Brokerage Co.	3,393,500	99.97	99.95

2. Summary of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Egyptian financial reporting standards issued in 2006 and its amendments and in accordance with the instructions of the Central Bank of Egypt approved by the board of directors as of December 16, 2008 consistent with the principles referred to.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of trading, financial assets and liabilities held at fair value through profit or loss, available for sale and all derivatives contracts.

Basis of consolidation

The method of full consolidation is the basis of the preparation of the consolidated financial statement of the Bank, given that the Bank's acquisition proportion is 99.98 % (full control) in CI Capital Holding.

Consolidated financial statements consist of the financial statements of Commercial International Bank and consolidated financial statements of CI Capital Holding and it's subsidiaries . Control is achieved through the bank's ability to control the financial and operational policies of the companies that the Bank invests in it in order to obtain benefits from its activities . The basis of the consolidation is as follows: -

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

- The cost of acquisition of subsidiary companies is based on the company's share in the fair value of assets acquired and obligations outstanding on the acquisition date.
- Minority shareholders represent the rights of others in subsidiary companies.
- Proportional consolidation is used in consolidating method for companies under joint control.

2.2 Associates

Associates are all entities over which the bank has significant influence but do not reach to the extent of control, generally accompanying a shareholding between 20% and 50% of the voting rights.

The acquisition method of accounting is used to account for the purchase of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed, plus any costs directly related to the acquisition. The excess of the cost of an acquisition over the bank share of the fair value of the identifiable net assets acquired is recorded as goodwill. A gain on acquisition is recognized in profit or loss if there is an excess of the bank's share of the fair value of the identifiable net assets acquired over the cost of the acquisition.

The cost method is applied to account for investments in subsidiaries and associates, whereby, investments are recorded based on the acquisition cost including any goodwill, deducting any impairment losses, and dividends are recorded in the income statement in the adoption of the distribution of these profits and evidence of the bank right to collect them.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in Egyptian pound, which is the bank's functional and presentation currency.

(b) Transactions and balances in foreign currencies

The bank maintains its accounting records in Egyptian pound. Transactions in foreign currencies during the year are translated into the Egyptian pound using the prevailing exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the end of reporting period at the prevailing exchange rates. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following line items:
- Net trading income from held-for-trading assets and liabilities.
- Other operating revenues (expenses) from the remaining assets and liabilities.

Changes in the fair value of investments in debt instruments; which represent monetary financial instruments denominated in foreign currencies and classified as available for sale assets are analyzed into valuation differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument.

Valuation differences resulting from changes in the amortized cost are recognized and reported in the income statement in 'income from loans and similar revenues' whereas differences resulting from changes in foreign exchange rates are recognized and reported in 'other operating revenues (expenses)'. The remaining differences resulting from changes in fair value are deferred in equity and accumulated in the 'revaluation reserve of available-for-sale investments'.

Exchange component of a gain or loss on a non-monetary item is recognized in equity if the gain or loss on the non-monetary item is recognized in equity. Any exchange component of a gain or loss on a non-monetary item is recognized in the income statement if the gain or loss on the non-monetary item is recognized in the income statement.

2.5 Financial assets

The bank classifies its financial assets in the following categories:

- Financial assets designated at fair value through profit or loss.
- Loans and receivables.
- Held to maturity investments.
- Available for sale financial investments.

Management determines the classification of its investments at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories:

- Financial assets held for trading,
- Financial assets designated at fair value through profit and loss at inception.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit making. Derivatives are also categorised as held for trading unless they are designated as hedging instruments.

Financial instruments, other than those held for trading, are classified as financial assets designated at fair value through profit and loss if they meet one or more of the criteria set out below, and are designated by management. The bank may designate financial instruments at fair value when the designation:

- Eliminates or significantly reduces measurement and recognition inconsistencies that would arise from measuring financial assets or financial liabilities, or recognizing gains and losses, on different bases. Under this criterion, an accounting mismatch would arise if the debt securities issued were accounted for at amortized cost, because the related derivatives are measured at fair value with changes in the fair value recognized in the income statement. The main classes of financial instruments designated by the bank are loans and advances and long-term debt issues.
- Applies to groups of financial assets, financial liabilities or combinations thereof that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and where information about the groups of financial instruments is reported to management on that basis.
- Relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments, including certain debt issues and debt securities held.

Any financial derivative initially recognized at fair value can't be reclassified during the holding period. Re-classification is not allowed for any financial instrument initially recognized at fair value through profit and loss.

(b) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(a) Those that the Bank intends to sell immediately or in the short term, which are classified as held for trading, or those that the Bank upon initial recognition designates as at fair value through profit or loss;

(b) Those that the bank upon initial recognition designates as available for sale; or

(c) Those for which the holder may not recover substantially all of its initial investment, other than credit deterioration.

(c) Held to maturity financial investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold till maturity. If the bank has to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale unless in necessary cases subject to regulatory approval.

(d) Available for sale financial investments

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

The following are applied in respect to all financial assets:

Debt securities and equity shares intended to be held on a continuing basis, other than those designated at fair value, are classified as available-for-sale or held-to-maturity. Financial investments are recognized on trade date, when the group enters into contractual arrangements with counterparties to purchase securities.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when the bank transfers substantially all risks and rewards of the ownership. Financial liabilities are derecognised when they are extinguished , that is, when the obligation is discharged, cancelled or expired.

Available-for-sale, held–for-trading and financial assets designated at fair value through profit and loss are subsequently measured at fair value. Loans and receivables and held-to-maturity investments are subsequently measured at amortized cost.

Gains and losses arising from changes in the fair value of the 'financial assets designated at fair value through profit or loss' are recognized in the income statement in 'Net income from financial instruments designated at fair value'. Gains and losses arising from changes in the fair value of available for sale investments are recognised directly in equity, until the financial assets are either sold or become impaired. When available-for-sale financial assets are sold, the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

Interest income is recognized on available for sale debt securities using the effective interest method, calculated over the asset's expected life. Premiums and discounts arising on the purchase are included in the calculation of effective interest rates. Dividends are recognized in the income statement when the right to receive payment has been established.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, or no current demand prices available the bank measures fair value using valuation models. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation models commonly used by market participants. If the bank has not been able to estimate the fair value of equity instruments classified available for sale, value is measured at cost less any impairment in value.

Available for sale investments that would have met the definition of loans and receivables at initial recognition may be reclassified out to loans and advances or financial assets held to maturity. In all cases, when the bank has the intent and ability to hold these financial assets in the foreseeable future or till maturity. the financial asset is reclassified at its fair value on the date of reclassification, and any profits or losses that has been recognized previously in equity, is treated based on the following:

1- If the financial asset has a fixed maturity, gains or losses are amortized over the remaining life of the investment using the effective interest rate method. In case of subsequent impairment of the financial asset, the previously recognized unrealized gains or losses in equity are recognized directly in the profits and losses.
2- In the case of financial asset which has infinite life, any previously recognized profit or loss in equity will remain until the sale of the asset or its disposal, in the case of impairment of the value of the financial asset after the reclassification, any gain or loss previously recognized in equity is recycled to the profits and losses.

If the bank adjusts its estimates of payments or receipts of a financial asset that in return adjusts the carrying amount of the asset (or group of financial assets) to reflect the actual cash inflows, the carrying value is recalculated based on the present value of estimated future cash flows at the effective yield of the financial instrument and the differences are recognized in profit and loss.

In all cases, if the bank re-classifies financial asset in accordance with the above criteria and increases its estimate of the proceeds of future cash flow, this increase adjusts the effective interest rate of this asset only without affecting the investment book value.

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to offset the recognised amounts and there is an intention to be settled on a net basis.

2.7 Derivative financial instruments and hedge accounting

Derivatives are recognized initially, and subsequently, at fair value. Fair values of exchange traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models. Derivatives are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

Embedded derivatives in other financial instruments, such as conversion option in a convertible bond, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, provided that the host contract is not classified as at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognized in income statement unless the bank chooses to designate the hybrid contact as at fair value through net trading income in profit or loss.

The timing of recognition in profit and loss, of any gains or losses arising from changes in the fair value of derivatives, depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The bank designates certain derivatives as:

- Hedging instruments of the risks associated with fair value changes of recognized assets or liabilities or firm commitments (fair value hedge).
- Hedging of risks relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge) Hedge accounting is used for derivatives designated in a hedging relationship when the following criteria are met.
- At the inception of the hedging relationship, the bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore,
- At the inception of the hedge, and on ongoing basis, the bank documents whether the hedging instrument is expected to be highly effective in offsetting changes in fair values of the hedged Item attributable to the hedged risk.

2.7.1 Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in the 'net interest income' line item of the income statement. Any ineffectiveness is recognized in profit or loss in 'net trading Income'.

When the hedging instrument is no longer qualified for hedge accounting, the adjustment to the carrying amount of a hedged item, measured at amortized cost, arising from the hedged risk is amortized to profit or loss from that date using the effective interest method.

2.7.2 Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognized immediately in the income statement. These gains and losses are reported in 'Net trading income', except where derivatives are managed in conjunction with financial instruments designated at fair value , in which case gains and losses are reported in 'Net income from financial instruments designated at fair value.

2.8 Interest income and expense

Interest income and expense for all financial instruments except for those classified as held-for-trading or designated at fair value are recognized in 'Interest income' and 'Interest expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that represents an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once loans or debts are classified as nonperforming or impaired, the revenue of interest income will not be recognized and will be recorded off balance sheet, and are recognized as income subsequently based on a cash basis. When it is collected after redeeming all dues of consumer loans, personnel mortgages and micro-finance loans. Cash basis is also applied for corporate loans , as the calculated interest is capitalized according to the rescheduling agreement conditions until paying 25% from rescheduling agreements payments for a minimum performing period of one year, if the customer continues to perform the calculated interest is recognized in interest income (interest on the performing rescheduling agreement balance) without the marginalized before the rescheduling agreement which will be recognized in interest income after the settlement of the outstanding loan balance.

2.9 Fee and commission income

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue as the service is provided. Fees and commissions on non-performing or impaired loans or receivables cease to be recognized as income and are rather recorded off balance sheet. These are recognized as revenue, on a cash basis, only when interest income on those loans is recognized in profit and loss, at that time, fees and commissions that represent an integral part of the effective interest rate of a financial asset, are treated as an adjustment to the effective interest rate of that financial asset.

Commitment fees and related direct costs for loans and advances where draw down is probable are deferred and recognized as an adjustment to the effective interest on the loan once drawn. Commitment fees in relation to facilities where draw down is not probable are recognized at the maturity of the term of the commitment.

Fees are recognized on the debt instruments that are measured at fair value through profit and loss on initial recognition and syndicated loan fees received by the bank are recognized when the syndication has been completed and the bank does not hold any portion of it or holds a part at the same effective interest rate used for the other participants portions.

Commission and fee arising from negotiating, or participating in the negotiation of a transaction for a third party such as the arrangement of the acquisition of shares or other securities or the purchase or sale of properties are recognised upon completion of the underlying transaction in the income statement .

Other management advisory and service fees are recognised based on the applicable service contracts, usually on accrual basis. Financial planning fees related to investment funds are recognised steadily over the period in which the service is provided. The same principle is applied for wealth management, financial planning and custody services that are provided on the long term are recognised on the accrual basis also.

2.9.1 Operating revenues in the holding company:

The activities income are :

- Commission income is resulting from purchasing and selling securities to a customer account upon receiving the transaction confirmation from the Stock Exchange.
- Management fees as follows:

2.9.2 Mutual funds & investment portfolios management fees:

- The management fee is calculated as a percentage of the net value of assets under management according to the terms and conditions of agreement. These amounts are credited to the assets management company's revenue pool on a monthly accrual basis.
- Commission is calculated, based on certain ratios of mutual fund's net asset value, for the valuation of mutual fund's assets. This valuation commission is calculated and accrued on a daily basis.

2.10 Dividend income
Dividends are recognised in the income statement when the right to collect is established.

2.11 Sale and repurchase agreements
Securities may be lent or sold subject to a commitment to repurchase (repos) are reclassified in the financial statements and deducted from treasury bills balance. Securities borrowed or purchased subject to a commitment to resell them (reveres repos) are reclassified in the financial statements and added to treasury bills balance. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

2.12 Impairment of financial assets
(a) Financial assets carried at amortised cost
The bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event(s)') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the bank uses to determine that there is objective evidence of an impairment loss include:
- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales);
- Violation of the conditions of the loan agreement such as non payment;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- The bank for reasons of economic or legal financial difficulties of the borrower by granting concessions may not agree with the bank granted in normal circumstances;
- Deterioration in the value of collateral; or
- Deterioration of the creditworthiness of the borrower.

The objective evidence of impairment loss for a group of financial assets is observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, for instance an increase in the default rates for a particular banking product.

The bank estimates the period between a losses occurring and its identification for each specific portfolio. In general, the periods used vary between three months to twelve months.

The bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant and in this field the following are considered:
- If the bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment according to historical default ratios.
- If the bank determines that an objective evidence of financial asset impairment exist that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract when there is objective evidence for asset impairment. As a practical expedient, the bank may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

For the purposes of evaluation of impairment for a group of a financial assets according to historical default ratios future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the bank and historical loss experience for assets with credit risk characteristics similar to those in the bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other indicative factors of changes in the probability of losses in the bank and their magnitude. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the bank.

(b) Available for sale investments

The bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets classify under available for sale is impaired. In the case of equity investments 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 the assets are impaired. During periods start from first of January 2009, the decrease consider significant when it become 10% from the book value of the financial instrument and the decrease consider to be extended if it continues for period more than 9 months, and if the mentioned evidences become available then any cumulative gains or losses previously recognized in equity are recognized in the income statement , in respect of available for sale equity securities, impairment losses previously recognized in profit or loss are not reversed through the income statement.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement to the extent of previously recognized impairment charge from equity to income statement.

2.13 Real estate investments

The real estate investments represent lands and buildings owned by the bank in order to obtain rental returns or capital gains and therefore do not include real estate assets which the bank exercised its work through or those that have owned by the bank as settlement of debts. The accounting treatment is the same used with property, plant and equipment.

2.14 Property, plant and equipment

Land and buildings comprise mainly branches and offices. All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their residual values over estimated useful lives, as follows:

• Buildings	20 years,
• Leasehold improvements	3 years, or over the period of the lease if less
• Furniture and safes	5 years.
• Typewriters, calculators and air-conditions	8 years
• Transportations	5 years
• Computers and core systems	3/10 years
• Fixtures and fittings	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. depreciable Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An asset's carrying amount is written down immediately to its recoverable value if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the selling proceeds with the asset carrying amount and charged to other operating expenses in the income statement.

2.15 Impairment of non-financial assets

Assets that have an indefinite useful life are not amortised -except goodwill- and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Assets are tested for impairment with reference to the lowest level of cash generating unit(s). A previously recognized impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset will only be increased up to the amount that it would have been had the original impairment not been recognized.

2.15.1 Goodwill

Goodwill is capitalized and represents the excess of the cost of an acquisition over the fair value of the bank's share of the acquired entity's net identifiable assets at the date of acquisition. For the purpose of calculating goodwill, the fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows. Goodwill is included in the cost of investments in associated and subsidiaries investments in the bank separate financial statements. Goodwill is tested for impairment, impairment loss is charged to the income statement.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The cash generating units represented in the bank main segments.

2.15.2 Other intangible assets

Is the intangible assets other than goodwill and computer programs (trademarks, licenses, contracts for benefits, the benefits of contracting with clients).

Other intangible assets that are acquired by the bank are recognized at cost less accumulated amortization and impairment losses. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset with definite life. Intangible assets with indefinite life are not amortized and tested for impairment.

2.16 Leases

The accounting treatment for the finance lease is complied with law 95/1995, if the contract entitles the lessee to purchase the asset at a specified date and predefined value, or the current value of the total lease payments representing at least 90% of the value of the asset. The other leases contracts are considered operating leases contracts.

(a)Being lessee

Finance lease contract recognizes the lease cost, including the cost of maintenance of the leased assets in the income statement for the period in which they occurred. If the bank decides to exercise the right to purchase the leased asset the leased assets are capitalized and included in 'Property, plant and equipment' and depreciated over the useful life of the expected remaining life of the asset in the same manner as similar assets.

Operating lease payments leases are accounted for on a straight-line basis over the periods of the leases and are included in 'General and administrative expenses'.

(b)Being lessor

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

In case there is objective evidence that the bank will not be able to collect the of financial lease obligations, the finance lease payments are reduced to the recoverable amount.

For assets leased under operating lease it appears in the balance sheet under property, plant and equipment, and depreciated over the expected useful life of the asset in the same way as similar assets, and the lease income recorded less any discounts given to the lessee on a straight-line method over the contract period.

2.17 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.18 Other provisions

Provisions for restructuring costs and legal claims are recognised when the bank has a present legal or constructive obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

In case of similar obligations, the related cash outflow should be determined in order to settle these obligations as group. The provision is recognized even in case of minor probability that cash outflow will occur for an item of these obligations.

When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income (expenses) .

Provisions for obligations, other than those for credit risk or employee benefits, due within more than 12 months from the balance sheet date are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the balance sheet date. An appropriate pretax discount rate that reflects the time value of money is used to calculate the present value of such provisions. For obligations due within less than twelve months from the balance sheet date, provisions are calculated based on undiscounted expected cash outflows unless the time value of money has a significant impact on the amount of provision, then it is measured at the present value.

2.19 share based payments

The bank applies an equity-settled, share-based compensation plan. The fair value of equity instruments recognised as an expense over the vesting period using appropriate valuation models, taking into account the terms and conditions upon which the equity instruments were granted The vesting period is the period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied. Vesting conditions include service conditions and performance conditions and market performance conditions are taken into account when estimating the fair value of equity instruments at the date of grant. At each balance sheet date the number of options that are expected to be exercised are estimated. recognises estimate changes, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.20 Income tax

Income tax on the profit or loss for the year and deferred tax are recognized in the income statement except for income tax relating to items of equity that are recognized directly in equity.

Income tax is recognized based on net taxable profit using the tax rates applicable at the date of the balance sheet in addition to tax adjustments for previous years.

Deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized in accordance with the principles of accounting and value according to the foundations of the tax, this is determining the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable at the date of the balance sheet.

Deferred tax assets of the bank recognized when there is likely to be possible to achieve profits subject to tax in the future to be possible through to use that asset, and is reducing the value of deferred tax assets with part of that will come from tax benefit expected during the following years, that in the case of expected high benefit tax, deferred tax assets will increase within the limits of the above reduced.

2.21 Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost also any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.22 Dividends

Dividends on ordinary shares and profit sharing are recognized as charge of equity upon the general assembly approval. Profit sharing includes the employees' profit share and the board of directors' remuneration as prescribed by the bank's articles of incorporation and the corporate law.

2.23 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial risk management

The bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The bank's aim is therefore to achieve an appropriate balance between risk and rewards and minimize potential adverse effects on the bank's financial performance. The most important types of financial risks are credit risk, market risk, liquidity risk and other operating risks. Also market risk includes exchange rate risk, rate of return risk and other prices risks.

The bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by risk department under policies approved by the board of directors. Bank treasury identifies, evaluates and hedges financial risks in close co-operation with the bank's operating units.

The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, credit risk management is responsible for the independent review of risk management and the control environment.

3.1 Credit risk

The bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the bank by failing to discharge an obligation. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in loans and advances, debt securities and other bills. There is also credit risk in off-balance sheet financial arrangements such as loan commitments. The credit risk management and control are centralised in a credit risk management team in bank treasury and reported to the board of directors and head of each business unit regularly.

3.1.1 Credit risk measurement

(a) Loans and advances to banks and customers

In measuring credit risk of loans and facilities to banks and customers at a counterparty level, the bank reflects three components (I) the ‘probability of default’ by the client or counterparty on its contractual obligations (II) current exposures to the counterparty and its likely future development, from which the bank derive the ‘exposure at default’; and (III) the likely recovery ratio on the defaulted obligations (the ‘loss given default’).

These credit risk measurements, which reflect expected loss (the ‘expected loss model’) are required by the Basel committee on banking regulations and the supervisory practices (the Basel committee), and are embedded in the bank’s daily operational management. The operational measurements can be contrasted with impairment allowances required under EAS 26, which are based on losses that have been incurred at the balance sheet date (the ‘incurred loss model’) rather than expected losses (note 3/a).

The bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate. Clients of the bank are segmented into four rating classes. The bank’s rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The bank regularly validates the performance of the rating and their predictive power with regard to default events.

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

Loss given default or loss severity represents the bank expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

(b) Debt instruments and treasury and other bills

For debt instruments and bills, external rating such as standard and poor’s rating or their equivalents are used for managing of the credit risk exposures, and if this rating is not available, then other ways similar to those used with the credit customers are uses. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

3.1.2 Risk limit control and mitigation policies

The bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries and countries.

The bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by individual, counterparties, product, and industry sector and by country are approved quarterly by the board of directors.

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

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

(a) Collateral
The bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Mortgage business assets such as premises, and inventory;
- Mortgage financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimize the credit loss the bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other governmental securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

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

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

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

(d) Credit related commitments
The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the bank on behalf of a customer authorizing a third party to draw drafts

on the bank up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

3.1.3 Impairment and provisioning policies

The internal rating system described in Note 3.1.1 focus on the credit-quality mapping from the lending and investment activities perspective. Conversely, for only financial reporting purposes impairment losses are recognized for that have been incurred at the balance sheet date when there is an objective evidence of impairment. Due to the different methodologies applied, the amount of incurred impairment losses in balance sheet are usually lower than the amount determined from the expected loss model that is used for internal operational management and CBE regulation purposes.

The impairment provision reported in balance sheet at the end of the period is derived from each of the four internal credit risk ratings. However, the majority of the impairment provision is usually driven by the last two rating degrees. The following table illustrates the proportional distribution of loans and advances reported in the balance sheet for each of the four internal credit risk ratings of the bank and their relevant impairment losses:

Bank's rating

	Dec.31, 2011		Dec.31, 2010	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1-Performing loans	91.13	42.26	90.88	54.59
2-Regular watching	4.32	4.70	5.40	5.30
3-Watch list	1.74	3.70	0.99	2.56
4-Non Performing Loans	2.81	49.34	2.73	37.55
	100.00	100.00	100.00	100.00

The internal rating tools assists management to determine whether objective evidence of impairment exists under EAS 26, based on the following criteria set by the bank:

- Cash flow difficulties experienced by the borrower or debtor
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Bank granted concessions may not be approved under normal circumstances due to economic, legal reasons and financial difficulties facing the borrower
- Deterioration of the collateral value
- Deterioration of the credit situation

The bank's policy requires the review of all financial assets that are above materiality thresholds at least annually or more regularly when circumstances require. Impairment provisions on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date ,and are applied to all significant accounts individually. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. Collective impairment provisions are provided portfolios of homogenous assets by using the available historical loss experience, experienced judgment and statistical techniques.

3.1.4 Pattern of measuring the general banking risk

In addition to the four categories of the bank's internal credit ratings indicated in note 3.1.1, management classifies loans and advances based on more detailed subgroups in accordance with the CBE regulations. Assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position and his repayment track record. The bank calculates required provisions for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the provision required for impairment losses as per CBE credit worthiness rules exceeds the required provisions by the application used in balance sheet preparation in accordance with EAS. That excess shall be debited to retained earnings and carried to the general banking risk reserve in the equity section. Such reserve is always adjusted, on a regular basis, by any increase or decrease so, that reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution.

Below is a statement of institutional worthiness according to internal ratings compared with CBE ratings and rates of provisions needed for assets impairment related to credit risk :

CBE Rating	Categorization	Provision%	Internal rating	Categorization
1	Low risk	0%	1	Performing loans
2	Average risk	1%	1	Performing loans
3	Satisfactory risk	1%	1	Performing loans
4	Reasonable risk	2%	1	Performing loans
5	Acceptable risk	2%	1	Performing loans
6	Marginally acceptable risk	3%	2	Regular watching
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non performing loans
9	Doubtful	50%	4	Non performing loans
10	Bad debts	100%	4	Non performing loans

3.1.5 Maximum exposure to credit risk before collateral held

In balance sheet items exposed to credit risk	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Treasury bills and other governmental notes	11,334,850,686	9,616,491,239
Trading financial assets		
» Debt instruments	468,101,674	1,043,933,881
Loans and advances to banks	1,433,545,112	128,527,576
Loans and advances to customers:		
Individual:		
» Overdrafts	952,982,877	695,995,810
» Credit cards	575,672,905	530,877,533
» Personal loans	2,659,469,004	1,960,327,857
» Mortgages	419,990,050	432,348,843
» Other loans	40,265,000	84,424,581
Corporate:		
» Overdrafts	4,239,213,684	3,331,087,693
» Direct loans	25,232,315,809	21,584,681,502
» Syndicated loans	7,278,053,191	7,758,798,180
» Other loans	101,625,796	209,582,685
Derivative financial instruments	146,544,656	139,263,948
Debt instruments	14,908,653,482	13,365,885,002
Investments in associates	106,676,167	96,827,733
Total	**69,897,960,093**	**60,979,054,063**
Off balance sheet items exposed to credit risk		
» Financial guarantees	2,219,596,241	1,362,771,570
» Customers acceptances	542,833,642	589,087,209
» Letter of credit	753,154,858	989,910,137
» Letter of guarantee	11,263,565,016	10,300,701,367
Total	**14,779,149,757**	**13,242,470,283**

The above table represents the bank Maximum exposure to credit risk at 31 December 2011, before taking account of any collateral held. For assets recognized on balance sheet, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above, 61.01% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt Instruments represents 21.60% Management is confident in its ability to continue to control and sustain minimal exposure of credit risk resulting from both its loan and advances portfolio and debt Instruments based on the following:

- 95.45% of the loans and advances portfolios are concentrated in the top two grades of the internal credit risk rating system.
- 97.18% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP 1,208,909,123
- "The bank has implemented more prudent processes when granting loans and advances during the financial period ended in December.31.2011.
- 86.01% of the investments in debt Instruments are sovereign instruments.

3.1.6 Loans and advances

Loans and advances are summarized as follows:

	Dec.31, 2011		Dec.31, 2010	
	Loans and advances to customers EGP	Loans and advances to banks EGP	Loans and advances to customers EGP	Loans and advances to banks EGP
Neither past due nor impaired	39,842,142,236	1,403,385,688	35,086,911,191	99,503,076
Past due but not impaired	478,696,381	-	527,270,370	-
Individually impaired	1,178,749,623	30,159,500	973,943,123	29,024,500
Gross	**41,499,588,240**	**1,433,545,188**	**36,588,124,684**	**128,527,576**
Less: impairment provision	1,419,409,102	37,950,503	1,255,187,888	2,694,538
Net	**40,080,179,138**	**1,395,594,685**	**35,332,936,796**	**125,833,038**

- Impairment losses for loans and advances reached EGP 1,457,359,605 and for more details about impairment provisions and loans for customers and banks see note 19 and 20
- During the year the bank's total loans and advances increased by 16.93% as a result of the expansion of the lending business in Egypt. When accessing new markets or industries, in order to minimize the propable exposure to credit risk, the bank focuses more on the business with large enterprises,banks or retail customers with good credit rating or sufficient collateral.

• **Net loans and advances to customers and banks:**

EGP

Dec.31, 2011	Individual					Corporate					
	Over-drafts	Credit cards	Personal loans	Mort-gages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total loans and ad-vances to customers	Total loans and ad-vances to banks
Grades:											
1-Performing loans	914,099,869	504,245,088	2,520,780,759	405,378,706	257,258	3,864,636,142	22,043,384,066	6,784,446,579	94,689,386	37,131,917,853	1,377,362,064
2-Regular watching	9,461,536	10,798,843	28,278,387	-	37,241,095	136,980,065	1,496,193,485	58,210,281	5,101,102	1,782,264,794	2,456,187
3-Watch list	8,206,398	3,278,950	11,356,577	-	-	22,334,115	646,624,356	-	101,526	691,901,922	-
4-Non performing loans	837,459	15,059,805	22,550,809	2,735,047	1,172,716	47,607,968	255,316,129	128,767,666	47,046	474,094,645	15,776,358
Total	**932,605,262**	**533,382,686**	**2,582,966,532**	**408,113,753**	**38,671,069**	**4,071,558,290**	**24,441,518,036**	**6,971,424,526**	**99,939,060**	**40,080,179,214**	**1,395,594,609**

EGP

Dec.31, 2010	Individual					Corporate					
	Over-drafts	Credit cards	Personal loans	Mort-gages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total loans and ad-vances to customers	Total loans and ad-vances to banks
Grades:											
1-Performing loans	675,170,714	472,507,944	1,848,342,189	422,225,216	49,315,690	3,033,424,532	18,795,822,937	7,081,304,703	206,356,881	32,584,470,805	97,524,952
2-Regular watching	12,666,302	14,691,771	31,833,042	137,891	20,205,968	65,793,224	1,685,532,350	84,905,117	10,458	1,915,776,123	-
3-Watch list	3,216	1,264,587	2,444,904	304,044	201,828	20,801,628	93,451,118	211,620,140	233,917	330,325,382	-
4-Non performing loans	1,207,336	293,404	6,248,513	793,528	1,300,666	61,860,290	249,913,269	180,327,341	420,139	502,364,486	28,308,086
Total	**689,047,568**	**488,757,705**	**1,888,868,648**	**423,460,679**	**71,024,151**	**3,181,879,675**	**20,824,719,675**	**7,558,157,301**	**207,021,394**	**35,332,936,796**	**125,833,038**

• Loans and advances past due but not impaired:

Loans and advances less than 90 days past due are not considered impaired, unless there is an objective evidence of impairment.

EGP

Dec.31, 2011	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
» Past due up to 30 days	200,977,939	106,509,301	3,509,689	1,211,276	312,208,205	-	103,500,085	-	103,500,085
» Past due 30 - 60 days	9,825,529	11,474,221	1,830,630	94,499	23,224,879	9,880,139	8,077,826	-	17,957,965
» Past due 60-90 days	8,564,505	3,984,099	1,263,730	59,511	13,871,845	6,689,585	1,243,817	-	7,933,402
Total	**219,367,973**	**121,967,621**	**6,604,049**	**1,365,286**	**349,304,929**	**16,569,724**	**112,821,728**	**-**	**129,391,452**

Dec.31, 2010	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
» Past due up to 30 days	295,014,498	100,541,608	1,897,568	287,824	397,741,498	-	31,065,675	31,504,738	62,570,412
» Past due 30-60 days	13,209,540	11,914,183	2,280,478	67,046	27,471,247	3,980,230	6,189,824	-	10,170,054
» Past due 60-90 days	951,921	4,564,372	892,843	57,681	6,466,817	10,645,228	12,205,115	-	22,850,342
Total	**309,175,959**	**117,020,163**	**5,070,889**	**412,550**	**431,679,561**	**14,625,458**	**49,460,613**	**31,504,738**	**95,590,809**

- Individually impaired loans.

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 1,208,909,123 The breakdown of the gross amount of individually impaired loans and advances by product, along with the fair value of related collateral held by the bank, are as follows:

Dec.31, 2011	Individual					Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Individually impaired loans	17,378,259	52,101,360	86,197,008	11,020,824	1,411,998	157,287,411	557,310,686	326,074,653	126,924	**1,208,909,123**

Dec.31, 2010	Individual					Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Individually impaired loans	6,978,664	26,646,934	65,343,577	5,834,947	12,838,666	150,610,141	530,355,088	203,688,263	671,343	**1,002,967,623**

• Loans and advances restructured

Restructuring activities include reschaduling arrangements, obligatory management programs, modification and deferral of payments. The application of restructuring policies are based on indicators or criteria of credit performance of the borrower that is judgment of the management, indicate that payment will most likely continue. These policies are reviewed frequantly. Restructuring is commonly applied to term loans, specially customer loans. Renegotiated loans totaled at the end of the year EGP 2,780,557,000

Corporate	Dec.31, 2011	Dec.31, 2010
» Direct loans	2,780,557,000	2,421,912,000
Total	**2,780,557,000**	**2,421,912,000**

3.1.7 Debt instruments, treasury bills and other governmental notes

The table below presents an analysis of debt instruments, treasury bills and other governmental notes by rating agency designation at end of financial Year, based on Standard & Poor's ratings or their equivalent:

Dec.31, 2011	Treasury bills and other gov. notes EGP	Trading financial instruments EGP	Financial investments EGP	Total EGP
» AAA	-	-	1,154,735,737	**1,154,735,737**
» AA- to AA+	-	13,553,416	414,004,877	**427,558,293**
» A- to A+	-	2,712,574	361,268,907	**363,981,481**
» Lower than A-	-	198,686,063	792,812,782	**991,498,845**
» Unrated	9,260,842,183	460,373,398	12,844,559,661	**22,565,775,242**
Total	**9,260,842,183**	**675,325,450**	**15,567,381,964**	**25,503,549,597**

3.1.8 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

Following is a breakdown of the bank's main credit exposure at their book values categorized by geographical region. The bank has allocated exposures to regions based on the country of domicile of its counterparties.

	EGYPT			
Dec.31, 2011	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
» Treasury bills and other governmental notes	11,334,850,686	-	-	**11,334,850,686**
Trading financial assets				
» Debt instruments	468,101,674	-	-	**468,101,674**
» Loans and advances to banks	1,433,545,112	-	-	**1,433,545,112**
Loans and advances to customers:				
Individual:				
– Overdraft	607,884,297	232,270,999	112,827,581	**952,982,877**
– Credit cards	436,946,905	115,701,000	23,025,000	**575,672,905**
– Personal loans	1,748,477,064	721,768,479	189,223,460	**2,659,469,004**
– Mortgages	342,140,551	68,951,499	8,898,000	**419,990,050**
– Other loans	27,836,000	12,429,000	-	**40,265,000**
Corporate:				
– Overdraft	3,587,293,684	620,292,000	31,628,000	**4,239,213,684**
– Direct loans	18,349,809,809	6,284,431,000	598,075,000	**25,232,315,809**
– Syndicated loans	6,904,555,191	373,498,000	-	**7,278,053,191**
– Other loans	86,090,192	15,535,604	-	**101,625,796**
» Derivative financial instruments	146,544,656	-	-	**146,544,656**
» Debt instruments	14,908,653,482	-	-	**14,908,653,482**
» Investments in associates	106,676,167	-	-	**106,676,167**
	60,489,405,470	**8,444,877,582**	**963,677,041**	**69,897,960,093**

(b) Industry sectors

The following table breaks down the Group's main credit exposure at their book value categorized by the industry sectors of our counterparties.

Dec.31, 2011	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other industries	Individual	Total
Treasury bills and other governmental bills	11,334,850,686	-	-	-	-	-	-	**11,334,850,686**
Financial assets for trading								
– Debt instruments	468,101,674	-	-	-	-	-	-	**468,101,674**
Loans and advances to banks	1,433,545,112	-	-	-	-	-	-	**1,433,545,112**
loans and facilities to customers:	-	-	-	-				**-**
Individual:								
– Overdraft	-	-	-	-	-	-	952,982,877	**952,982,877**
– Credit cards	-	-	-	-	-	-	575,672,905	**575,672,905**
– Personal loans	-	-	-	-	-	-	2,659,469,004	**2,659,469,004**
– Mortgages	-	-	-	-	-	-	419,990,050	**419,990,050**
– Other loans	-	-	-	-	-	-	40,265,000	**40,265,000**
Corporate:								
– Overdraft	43,746,026	1,307,201,414	1,268,694,563	244,460,752	5,553,376	1,369,557,553	-	**4,239,213,684**
– Direct loans	992,735,455	11,359,238,760	194,496,188	408,305,437	1,218,918,090	11,058,621,879	-	**25,232,315,809**
– Syndicated loans	-	3,054,632,007	502,014,035	-	-	3,721,407,149	-	**7,278,053,191**
– Other loans	-	73,813,502	-	1,000,000	-	26,812,294	-	**101,625,796**
Derivative financial instruments	146,544,656	-	-	-	-	-	-	**146,544,656**
Investment securities – debt instrument	1,789,704,366	-	-	-	13,118,949,116	-	-	**14,908,653,482**
Investments in associates	106,676,167	-	-	-	-	-	-	**106,676,167**
	16,315,904,141	**15,794,885,683**	**1,965,204,785**	**653,766,189**	**14,343,420,582**	**16,176,398,876**	**4,648,379,836**	**69,897,960,093**

3.2 Market risk

Market risk represnted as fluctuations in market factors, including foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices will reduce the bank's income or the value of its portfolios.
The bank separates exposures to market risk into trading or non-trading portfolios.

"Market risks are measured, monitored and controlled by the market risk management department. In addition, regular reports are submitted to the Asset and Liability Management Committee (ALCO), Board Risk Committee" and the heads of each business unit.

Trading portfolios include positions arising from market-making, positiontaking and others designated as marked-to-market. Non-trading portfolios include positions that primarily arise from the interest rate management of the group's retail and commercial banking assets and liabilities, financial investments designated as available for sale and held-to-maturity.

3.2.1 Market risk measurement techniques

As part of the management of market risk, the bank undertakes various hedging strategies. The Bank also enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt securities and loans to which the fair value option has been applied .

(a) Value at Risk

The Bank applies a "Value at Risk" methodology (VaR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions.

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose , but only to a certain level of confidence (95%). There is therefore a specified statistical probability (5%) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain 'holding period' until positions can be closed (1 month). The Bank is assessing the historical movements in the market prices based on volatilities and correlations data for the past five years.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As VaR constitutes an integral part of the Bank's market risk control regime, the Market Risk Management set Soft VaR limits, which have been approved by the ALCO, and are monitored and reported on a daily basis to the Senior Management. In addition, monthly limits compliance is reported to the ALCO.

The internal models used to calculate VaR are not approved yet by the central bank as the regulator is still apply Basel I in parallel basis with standardize market risk approach in Basel II.

(b) Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, bank computes on a daily basis Stress VaR, combined with Normal Board Risk Committee on a quarterly basis.

3.2.2 Value at risk (VaR) Summary

Total VaR by risk type	Dec.31, 2011 Medium	High	Low	Dec.31, 2010 Medium	High	Low
1- Foreign exchange risk	275,822	798,293	22,715	335,428	1,021,367	47,251
2- Interest rate risk	**19,970,380**	**25,574,668**	**15,047,233**	**64,862,911**	**81,655,436**	**53,996,397**
» For non trading purposes	9,752,494	11,883,218	7,638,408	48,257,686	63,983,903	38,055,532
» For trading purposes	13,919,605	16,474,199	11,866,315	13,970,809	17,970,757	4,319,514
3- Equities risk	1,659,204	1,762,596	1,488,630	6,140,352	6,714,030	3,478,929
4- Investment fund	921,509	1,057,998	798,571	1,218,674	1,617,940	1,080,322
Total VaR	**20,406,187**	**26,002,691**	**15,490,695**	**66,470,692**	**83,020,106**	**55,788,545**

• Trading portfolio VaR by risk type

	Dec.31, 2011 Medium	High	Low	Dec.31, 2010 Medium	High	Low
1- Foreign exchange risk	275,822	798,293	22,715	335,428	1,021,367	47,251
2- Interest rate risk						
» For trading purposes	13,919,605	16,474,199	11,866,315	13,970,809	17,970,757	4,319,514
3- Equities risk	1,659,204	1,762,596	1,488,630	6,140,352	6,714,030	3,478,929
4- Investment fund	921,509	1,057,998	798,571	1,218,674	1,617,940	1,080,322
Total VaR	**14,382,231**	**15,076,004**	**13,832,710**	**16,670,238**	**18,818,850**	**12,881,880**

• Non trading portfolio VaR by risk type

	Dec.31, 2011 Medium	High	Low	Dec.31, 2010 Medium	High	Low
Interest rate risk						
» For non trading purposes	9,752,494	11,883,218	7,638,408	48,257,686	63,983,903	38,055,532
Total VaR	**9,752,494**	**11,883,218**	**7,638,408**	**48,257,686**	**63,983,903**	**38,055,532**

The aggregate of the trading and non-trading VaR results does not constitute the bank's VaR due to correlations and consequent diversification effects between risk types and portfolio types.

3.2.3 Foreign exchange risk

The bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign currency exchange rate risk and Bank's financial instruments at carrying amounts, categorized by currency.

	EGP	USD	EUR	GBP	Other	Equivalent EGP Total
Dec.31, 2011						
Assets						
» Cash and balances with central bank	7,054,716,154	270,143,280	113,340,050	22,305,028	31,559,998	**7,492,064,510**
» Due from banks	123,101,993	4,573,871,370	3,325,874,705	392,508,514	112,872,937	**8,528,229,519**
» Treasury bills and other governmental notes	9,463,152,116	1,871,698,570	-	-	-	**11,334,850,686**
» Trading financial assets	574,614,570	82,033,840	-	-	18,677,040	**675,325,450**
» Loans and advances to banks	-	1,421,929,603	11,615,509	-	-	**1,433,545,112**
» Loans and advances to customers	23,620,827,662	16,656,189,556	1,103,334,241	27,594,433	91,642,424	**41,499,588,316**
» Derivative financial instruments	71,103,086	66,363,174	9,078,396	-	-	**146,544,656**
Financial investments						
» Available for sale	13,734,916,726	1,655,334,715	31,294,836	-	-	**15,421,546,277**
» Held to maturity	39,159,520	-	-	-	-	**39,159,520**
» Investments in associates	100,923,463	5,752,704	-	-	-	**106,676,167**
Total financial assets	**54,782,515,289**	**26,603,316,812**	**4,594,537,737**	**442,407,975**	**254,752,400**	**86,677,530,213**
Liabilities						
» Due to banks	2,862,882,577	454,635,883	23,230,665	40,421	4,970	**3,340,794,517**
» Due to customers	41,651,925,957	24,764,475,805	4,430,878,994	453,736,875	166,917,629	**71,467,935,259**
» Derivative financial instruments	21,805,179	88,420,506	4,062,305	-	-	**114,287,990**
» Long term loans	92,435,045	3,613,283	3,285,048	-	-	**99,333,376**
Total financial liabilities	**44,629,048,759**	**25,311,145,477**	**4,461,457,012**	**453,777,296**	**166,922,599**	**75,022,351,143**
Net on-balance sheet financial position	**10,153,466,530**	**1,292,171,335**	**133,080,725**	**(11,369,321)**	**87,829,801**	**11,655,179,070**

3.2.4 Interest rate risk

Interest rate risk arises when the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fair value risk of interest rate is the risk that the value of a financial instrument will fluctuate due to movement of The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may profit decrease in the event that unexpected movements arise.The board sets limits on the gaps of interest rate repricing that may be undertaken, which is monitored by bank's Risk Management Department.

The table below summarizes the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of repricing or contractual maturity dates.

	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non- Interest Bearing	Total
Dec.31, 2011							
Assets							
» Cash and balances with central bank	-	-	-	-	-	7,492,064,510	**7,492,064,510**
» Due from banks	4,511,431,093	3,352,211,834	514,598,879	-	-	149,987,713	**8,528,229,519**
» Treasury bills and other governmental notes (face value)	333,625,000	1,532,625,000	9,468,600,686	-	-	-	**11,334,850,686**
» Trading financial assets	302,787,918	-	-	271,826,657	82,033,840	18,677,035	**675,325,450**
» Loans and advances to banks	868,156,935	108,692,080	456,696,097	-	-	-	**1,433,545,112**
» Loans and advances to customers	23,770,575,079	8,227,397,230	5,781,107,993	3,331,849,309	388,658,706	-	**41,499,588,316**
» Derivatives financial instruments (including IRS notional amount)	571,536,732	434,968,077	124,348,038	4,135,178,024	115,299,768	114,443,847	**5,495,774,486**
Financial investments:-							
» Available for sale	3,467,059,003	375,400,588	1,794,316,073	8,541,251,632	759,740,859	483,778,122	**15,421,546,277**
» Held to maturity	27,512,500	-	215,000	11,432,020	-	-	**39,159,520**
» Investments in associates	-	-	-	-	-	106,676,167	**106,676,167**
Total financial assets	**33,852,684,260**	**14,031,294,809**	**18,139,882,765**	**16,291,537,642**	**1,345,733,172**	**8,365,627,394**	**92,026,760,043**
Liabilities							
» Due to banks	2,942,477,189	-	-	-	-	398,317,328	**3,340,794,517**
» Due to customers	30,104,530,996	6,718,255,908	7,405,534,484	15,651,100,850	733,000,495	10,855,512,526	**71,467,935,259**
» Derivatives financial instruments (including IRS notional amount)	1,856,259,648	2,514,491,686	159,347,534	277,158,566	524,775,299	92,482,811	**5,424,515,544**
» Long term loans	125,931	1,521,504	82,756,941	14,929,000	-	-	**99,333,376**
Total financial liabilities	**34,903,393,763**	**9,234,269,098**	**7,647,638,959**	**15,943,188,416**	**1,257,775,794**	**11,346,312,666**	**80,332,578,696**
Total interest re-pricing gap	**(1,050,709,503)**	**4,797,025,711**	**10,492,243,806**	**348,349,226**	**87,957,378**	**(2,980,685,272)**	**11,694,181,346**

3.3 Liquidity risk

- Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligations arises from its financial liabilities as they fall due or to replace funds when they are withdrawn.
- The consequence may be the failure to meet obligations to repay depositors and fulfill lending commitments.

3.3.1 Liquidity risk management process

The Bank's liquidity management process, is carried by the assets and liabilities management department and monitored independently by the risk management department, which includes:

- Projecting cash flows by major currency under various stress scenarios and considering the level of liquid assets necessary in relation thereto:
  The Bank maintains an active presence in global money markets to enable this to happen.
- Maintaining a diverse range of funding sources with back-up facilities.
- Monitoring balance sheet liquidity and advances to core funding ratios against internal and Central Bank of Egypt regulations.
- Managing the concentration and profile of debt maturities.

Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. Bank's Risk Management Department also monitors unmatched medium-term assets

3.3.2 Funding approach

Sources of liquidity are regularly reviewed jointly by the bank's Assets & Liabilities Management Department and Consumer Banking to maintain a wide diversification within currencies, geographical area, depositors,products and tenors.

3.3.3 Non-derivative cash flows

The table below presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities and the maturities assumption for non contractual products are based on there behavior studies.

Dec.31, 2011	Up to 1 Month	One to Three Months	Three to One Year	One Year to Five Year	Over Five Years	Total
Liabilities						
» Due to banks	3,340,794,517	-	-	-	-	**3,340,794,517**
» Due to customers	12,770,610,063	8,576,616,724	17,868,791,406	30,859,028,066	1,392,889,000	**71,467,935,259**
» Long term loans	125,931	1,521,504	82,756,941	14,929,000	-	**99,333,376**
» Derivatives financial instruments (foreign exchange derivatives)	3,674,914	4,125,343	14,004,922	-	-	**21,805,179**
Total liabilities (contractual and non contractual maturity dates)	**16,115,205,424**	**8,582,263,570**	**17,965,553,270**	**30,873,957,066**	**1,392,889,000**	**74,929,868,331**
Total financial assets (contractualandnon contractual maturity dates)	**14,753,504,167**	**11,100,069,868**	**20,844,934,425**	**28,478,165,923**	**10,614,870,781**	**85,791,545,163**

Dec.31, 2010	Up to 1 Month	One to Three Months	Three to One Year	One Year to Five Year	Over Five Years	Total
Liabilities						
» Due to banks	837,570,759	49,341,650	435,367,500	-	-	**1,322,279,909**
» Due to customers	17,701,209,201	9,151,941,806	8,604,334,536	19,192,725,470	8,713,966,264	**63,364,177,278**
» Long term loans	12,114,272	19,773,440	69,568,298	27,657,416	-	**129,113,426**
» Derivatives financial instruments (foreign currency derivatives)	46,109,376	10,090,483	8,806,258	163,196	-	**65,169,313**
Total liabilities (contractual and non contractual maturity dates)	**18,597,003,608**	**9,231,147,380**	**9,118,076,592**	**19,220,546,082**	**8,713,966,264**	**64,880,739,925**
Total financial assets (contractualandnon contractual maturity dates)	**11,299,649,630**	**5,289,093,053**	**16,798,436,292**	**28,143,692,012**	**13,446,756,522**	**74,977,627,508**

3.3.4 Derivative cash flows

Derivatives settled on a net basis

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

- Foreign exchange derivatives: over-the-counter (OTC) and exchange traded options, forwards, exchange traded currency options
- Interest rate derivatives: interest rate swaps, forward rate agreements, OTC and exchange traded interest rate options, other interest rate contracts and exchange traded futures .
- The table below analyses the bank's derivative undiscounted financial liabilities that will be settled on a net basis into maturity groupings based on the remaining period at the balance sheet to the contractual maturity. maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Dec.31, 2011	Up to 1 Month	One to Three Months	Three to One Year	One Year to Five Year	Over Five Years	Total
Liabilities						
Derivatives financial instruments						
» Foreign exchange derivatives	3,674,914	4,125,343	14,004,923	-	-	**21,805,179**
» Interest rate derivatives	-	85,520.40	1,177,707	11,757,120.69	78,592,077.26	**91,612,426**
Total	**3,674,914**	**4,210,863**	**15,182,630**	**11,757,121**	**78,592,077.26**	**113,417,605**

Off balance sheet items

Dec.31, 2011	Up to 1 year	1-5 years	Over 5 years	Total
» Letters of credit, guarantees and other commitments	9,607,944,089	2,512,647,977	438,961,450	**12,559,553,516**
Total	**9,607,944,089**	**2,512,647,977**	**438,961,450**	**12,559,553,516**

3.4 Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

The table below summarizes the book value and fair value of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	Book value		Fair value	
	Dec.31, 2011	Dec.31, 2010	Dec.31, 2011	Dec.31, 2010
Financial assets				
» Due from banks	8,528,229,519	7,054,682,826	8,528,229,519	7,054,682,826
» Loans and advances to banks	1,433,545,112	125,833,038	1,433,545,112	125,833,038
Loans and advances to customers:				
– Individual	4,648,379,836	3,703,974,624	4,648,379,836	3,703,974,624
– Corporate	36,851,208,480	32,884,150,060	36,851,208,480	32,884,150,060
Financial investments:				
» Held to Maturity	39,159,520	299,250,313	39,159,520	299,250,313
Total financial assets	**51,500,522,467**	**44,067,890,861**	**51,500,522,467**	**44,067,890,861**
Financial liabilities				
» Due to banks	3,340,794,517	1,322,279,909	3,340,794,517	1,322,279,909
» Due to customers	71,467,935,259	63,364,177,278	71,467,935,259	63,364,177,278
» Long term loans	99,333,376	129,113,426	99,333,376	129,113,426
Total financial liabilities	**74,908,063,152**	**64,815,570,613**	**74,908,063,152**	**64,815,570,613**

Due from banks

The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

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

Loans and advances to customers
Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Financial Investments
Investment securities include only interest-bearing assets held to maturity; assets classified as available for sale are measured at fair value. Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Due to other banks and customers, other deposits and other borrowings
The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

3.5 Capital management
For capital management purposes, the bank's capital includes total equity as reported in the balance sheet plus some other non-equity elements that are managed as capital. The bank manages its capital to ensure that the following objectives are achieved.

- Compliance with the legally imposed capital requirements in Egypt.
- "Protecting the bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank."
- Capital adequacy and the use of regulatory capital are monitored on a daily basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt. The required data is submitted to the Central Bank of Egypt on a quarterly basis.
- Central bank Of Egypt requires the following:
  - Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
  - Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted average of the bank's assets and

• Tier one:
Tier one, comprised of paid-in capital (after deducting the book value of treasury shares), retained earnings and reserves resulting from the distribution of profits except the banking risk reserve and deducting previously recognized goodwill and any retained losses

• Tier two:
Represents the gone concern capital which comprised of general risk provision according to the impairment provision guidelines issued by the Central Bank of Egypt for to the maximum of 1.25% of risk weighted assets and contingent liabilities ,subordinated loans with more than five years to maturity(amortizing 20% of its carrying amount in each year of the remaining five years to maturity) and 45% of unrealized gains arising on the fair valuation of available for-sale investments.

When calculating the numerator of capital adequacy ratio, The rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier 1. for half of the share capital.

Assets risk weight scale ranging from zero to 100% based on the counterparty riskt to reflect the related credit risk scheme, taking into considration the cash collatrals.

Similar criteria are used for off balance sheet items after adjusting it to reflect the nature of contingency and the potential loss of those amounts.

The bank has complied with all Capital adequacy requirements for the past two years. The table below summarizes the compositions of teir 1, teir 2 and the capital adecuacy ratio at the end of financial year:

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
		Restated
Tier 1 capital		
» Share capital (net of the treasury shares)	5,934,562,990	5,901,443,600
» General reserves	1,234,274,960	1,144,648,634
» Legal reserve	231,344,896	231,344,896
» Other reserve	(477,244,971)	335,452,173
» Retained Earnings	15,105,920	-
Total qualifying tier 1 capital	**6,938,043,795**	**7,612,889,303**
Tier 2 capital		
» General risk provision	692,087,775	607,483,178
» 45% of the Increase in fair value than the book value for A.F.S investments	-	956,968
Total qualifying tier 2 capital	**692,087,775**	**608,440,146**
Total capital 1+2	**7,630,131,570**	**8,221,329,449**
Risk weighted assets and contingent liabilities		
» In-balance sheet	50,175,824,604	43,626,939,621
» Off-balance sheet	5,191,197,357	4,971,714,657
Total risk weighted assets and contingent liabilities	**55,367,021,961**	**48,598,654,278**
Capital adequacy ratio (%)	**13.78%**	**16.92%**

4. Critical accounting estimates and judgments

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

(a) Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a Bank, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs by +/-5%

(b) Impairment of available for-sale equity investments

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

(c) Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (as models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

(d) Held-to-Maturity investments

The non-derivative financial assets with fixed or determinable payments and fixed maturity are being classified held to maturity. This classification requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity it will be required to reclassify the entire category as available for sale. The investments would therefore be measured at fair value not amortized cost.

5. Segment analysis

(a) By business segment

The Bank is divided into main business segments on a worldwide basis:

- Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products
- Investment banking – incorporating financial instruments trading, structured financing, corporate leasing, and merger and acquisitions advice.
- Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;
- Others –Include other banking business, such as Assets Management.

Transactions between the business segments are on normal commercial terms and conditions.

Dec.31, 2011	Corporate banking	SME's	Investment banking	Retail banking	Total
» Revenue according to business segment	2,103,222,975	597,635,091	(75,724,924)	1,278,100,557	**3,903,233,699**
» Expenses according to business segment	(777,096,428)	(255,290,741)	(25,181,851)	(788,714,940)	**(1,846,283,960)**
Activities results by sector	**1,326,126,547**	**342,344,350**	**(100,906,775)**	**489,385,617**	**2,056,949,739**
» Profit before tax	1,326,126,547	342,344,350	(100,906,775)	489,385,617	**2,056,949,739**
» Tax	(285,060,241)	(64,684,236)	-	(92,466,940)	**(442,211,417)**
Profit for the year	**1,041,066,306**	**277,660,114**	**(100,906,775)**	**396,918,677**	**1,614,738,322**
» Assets and liabilities according to business segment	74,527,747,169	2,143,523,905	1,533,773,854	7,329,130,662	**85,534,175,590**
Total assets	**74,527,747,169**	**2,143,523,905**	**1,533,773,854**	**7,329,130,662**	**85,534,175,590**

Dec.31, 2010	Corporate banking	SME's	Investment banking	Retail banking	Total
» Revenue according to business segment	2,241,773,545	64,900,676	5,428,422	1,481,916,949	**3,794,019,593**
» Expenses according to business segment	(532,445,813)	(64,483,675)	(18,908,889)	(794,068,260)	**(1,409,906,637)**
Activities results by sector	**1,709,327,733**	**417,001**	**(13,480,467)**	**687,848,689**	**2,384,112,956**
» Profit before tax	1,709,327,733	417,001	(13,480,467)	687,848,689	**2,384,112,956**
» Tax	(252,563,794)	(63,316)	(5,035,307)	(104,440,799)	**(362,103,217)**
Profit for the year	**1,456,763,939**	**353,685**	**(18,515,774)**	**583,407,890**	**2,022,009,739**
» Assets and liabilities according to business segment	67,757,904,020	1,014,671,790	1,613,413,684	5,039,444,129	**75,425,433,623**
Total assets	**67,757,904,020**	**1,014,671,790**	**1,613,413,684**	**5,039,444,129**	**75,425,433,623**

(b) By geographical segment

		Egypt		
Dec.31, 2011	**Cairo**	**Alex, Delta & Sinai**	**Upper Egypt**	**Total**
Revenue according to business segment	2,933,228,490	835,887,927	134,117,282	**3,903,233,699**
» Expenses according to business segment	(1,335,361,487)	(405,117,905)	(105,804,568)	**(1,846,283,960)**
Activities results by sector	**1,597,867,003**	**430,770,022**	**28,312,714**	**2,056,949,739**
» Profit before tax	1,597,867,003	430,770,022	28,312,714	**2,056,949,739**
» Tax	(351,454,653)	(85,159,580)	(5,597,184)	**(442,211,417)**
Profit for the year	**1,246,412,350**	**345,610,442**	**22,715,530**	**1,614,738,322**
Geographical segments assets	75,193,039,351	9,812,046,055	529,090,184	**85,534,175,590**
Total assets	**75,193,039,351**	**9,812,046,055**	**529,090,184**	**85,534,175,590**

		Egypt		
Dec.31, 2010	**Cairo**	**Alex, Delta & Sinai**	**Upper Egypt**	**Total**
» Revenue according to business segment	2,900,552,827	775,199,795	118,266,971	**3,794,019,593**
» Expenses according to business segment	(996,531,318)	(329,539,165)	(83,836,154)	**(1,409,906,637)**
Activities results by sector	**1,904,021,510**	**445,660,630**	**34,430,817**	**2,384,112,956**
» Profit before tax	1,904,021,510	445,660,630	34,430,817	**2,384,112,956**
» Tax	(288,192,846)	(68,609,725)	(5,300,645)	**(362,103,216)**
Profit for the year	**1,615,828,663**	**377,050,905**	**29,130,172**	**2,022,009,740**
Geographical segments assets	58,826,872,027	15,582,459,610	1,016,101,986	**75,425,433,623**
Total assets	**58,826,872,027**	**15,582,459,610**	**1,016,101,986**	**75,425,433,623**

6. Net interest income

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
- Interest and similar income		
» Banks	142,055,284	113,507,031
» Clients	2,900,254,722	2,306,925,726
	3,042,310,006	**2,420,432,757**
» Treasury bills and bonds	2,233,508,080	1,930,851,872
» Reverse repos	22,223,513	16,639,271
» Financial investment in held to maturity and available for sale debt instruments	172,702,607	157,566,326
Other	246,625	(12,517)
Total	**5,470,990,831**	**4,525,477,709**
- Interest and similar expense		
» Banks	188,421,651	70,469,233
» Clients	2,567,626,091	2,194,974,802
	2,756,047,742	**2,265,444,035**
» Financial instruments purchased with a commitment to re-sale (Repos)	22,306,090	219,880.90
» Other	2,685,436	2,122,799
Total	**2,781,039,268**	**2,267,786,715**
Net interest income	**2,689,951,563**	**2,257,690,994**

7. Net income from fee and commissions

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
Fee and commission income		
» Fee and commissions related to credit	554,737,120	518,885,060
» Custody fee	103,680,402	146,052,441
» Other fee	272,152,011	274,425,684
Total	**930,569,533**	**939,363,185**
Fee and commission expense		
» Other fee paid	(87,622,734)	(85,056,559)
Total	**(87,622,734)**	**(85,056,559)**
Net income from fee and commission	**842,946,799**	**854,306,626**

8. Dividend income

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Trading securities	874,720	1,330,647
» Available for sale securities	47,359,534	152,755,829
» Subsidiaries and associates	13,272,726	11,452,676
Total	**61,506,980**	**165,539,152**

9. Net trading income

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Profit from foreign exchange	270,282,709	334,230,241
» Profit from revaluations of trading assets and liabilities in foreign currencies	6,926,623	10,006,998
» Profit (losses) from forward foreign exchange deals revaluation	1,874,376	(12,297,737)
» (Losses) from interest rate swaps revaluation	(19,845)	(12,912,385)
» Profit (Losses) from currency swap deals revaluation	548,800	(17,643,454)
» Trading debt instruments	52,845,534	107,408,262
» Trading equity instruments	11,280,756	38,751,800
Total	**343,738,953**	**447,543,725**

10. Administrative expenses

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
Staff costs		
» Wages and salaries	682,034,211	569,710,670
» Social insurance	24,707,497	21,713,306
» Other benefits	38,341,470	29,636,810
» Other administrative expenses	704,635,517	703,792,937
Total	**1,449,718,695**	**1,324,853,723**

11. Other operating (expenses) income

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» (Losses) Profits from non-trading assets and liabilities revaluation	(70,649,572)	(90,859,875)
» Profits from selling property, plant and equipment	2,716,747	1,574,746
» Release (charges) of other provisions	48,030,153	106,238,765
» Others	(69,947,611)	(47,547,853)
Total	**(89,850,283)**	**(30,594,217)**

12. Impairment charge for credit losses

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Loans and advances to customers	(322,276,483)	(6,783,757)
» Held to maturity financial investments	1,627,620	620,261
Total	**(320,648,863)**	**(6,163,496)**

13. Adjustments to calculate the effective tax rate

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Profit before tax	2,056,439,533	2,384,112,959
» Tax rate	From 20% to 25%	20%
Income tax based on accounting profit	**513,609,883**	**476,822,592**
Add / (Deduct)		
» Non-deductible expenses	66,728,265	8,894,217
» Tax exemptions	(184,124,927)	(113,810,216)
» Effect of provisions	46,216,490	(9,639,280)
» Depreciation	(218,295)	(164,095)
Income tax	**442,211,416**	**362,103,218**
Effective tax rate	**21.50%**	**15.19%**

14. Earning per share

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Net profit for the year available for distribution	1,490,041,219	1,890,311,700
» Board member's bonus	(24,983,102)	(30,213,341)
» Staff profit sharing	(166,554,015)	(201,422,275)
Shareholders› share in profits	**1,298,504,102**	**1,658,676,084**
» Number of shares	593,456,299	593,456,299
Basic earning per share	**2.19**	**2.79**
- By issuance of ESOP earning per share will be:-		
» number of shares including ESOP shares	606,132,335	606,132,335
Diluted earning per share	**2.14**	**2.74**

15. Cash and balances with central bank

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Cash	1,891,659,489	1,399,250,089
- Obligatory reserve balance with CBE:-		
» Current accounts	5,600,405,021	4,275,991,702
Total cash and due from central bank	**7,492,064,510**	**5,675,241,791**
Non-interest bearing balances	**7,492,064,510**	**5,675,241,791**

16. Due from banks

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Current accounts	275,977,925	653,994,222
» Deposits	8,252,251,594	6,400,688,604
Total due from banks	**8,528,229,519**	**7,054,682,826**
» Central banks (except Obligatory reserve)	3,031,574,198	2,539,019,714
» Local banks	234,102,521	825,623,131
» Foreign banks	5,262,552,800	3,690,039,981
Total due from banks	**8,528,229,519**	**7,054,682,826**
» Non-interest bearing balances	149,987,713	289,402,609
» Fixed interest bearing balances	8,378,241,806	6,765,280,217
Total due from banks	**8,528,229,519**	**7,054,682,826**
» Current balances	8,528,229,519	7,054,682,826
Total due from banks	**8,528,229,519**	**7,054,682,826**

17. Treasury bills and other governmental notes

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» 91 Days maturity	1,913,702,116	2,126,041,239
» 182 Days maturity	2,559,925,000	3,830,900,000
» 364 Days maturity	6,861,223,570	3,659,550,000
	11,334,850,686	**9,616,491,239**
» Unearned income	(634,008,503)	(416,346,434)
Total treasury bills	**10,700,842,183**	**9,200,144,805**
» Repos - AFS corporate bonds	-	(379,141,239)
» Repos - treasury bonds	(1,440,000,000)	-
Total treasury bills and other governmental notes	**9,260,842,183**	**8,821,003,566**

18. Trading financial assets

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
- Debt instruments		
» Governmental bonds	353,860,497	861,157,325
» Other debt instruments	114,241,177	182,776,556
Total debt instruments	468,101,674	1,043,933,881
- Equity instruments		
» Foreign company shares	18,677,035	74,031,984
» Mutual fund	188,546,741	467,781,970
Total equity instruments	**207,223,776**	**541,813,954**
Total financial assets for trading	**675,325,450**	**1,585,747,835**

19. Loans and advances to banks

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Time and term loans	1,433,545,112	128,527,576
Total loans and advances to banks	**1,433,545,112**	**128,527,576**
» Impairment provision	(37,950,503)	(2,694,538)
Net loans and advances to banks	**1,395,594,609**	**125,833,038**
Distributed to		
» Non-current balances	1,395,594,609	125,833,038
Net loans and advances to banks	**1,395,594,609**	**125,833,038**

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
Impairment provision to banks		
» Balance at beginning of the year	2,694,538	46,351,691
» Charged during the year	34,736,518	(12,138,367)
» Write off during the year	-	(31,649,180)
» Recoveries from written off debts	-	-
» Exchange revaluation difference	519,447	130,395
Balance at the end of the year	**37,950,503**	**2,694,538**

20. Loans and advances to customers

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
Individual		
» Overdrafts	952,982,877	695,995,810
» Credit cards	575,672,905	530,877,533
» Personal loans	2,659,469,004	1,960,327,857
» Mortgages	419,990,050	432,348,843
» Other loans	40,265,000	84,424,581
Total (1)	**4,648,379,836**	**3,703,974,624**
Corporate		
» Overdrafts	4,239,213,684	3,331,087,693
» Direct loans	25,232,315,809	21,584,681,502
» Syndicated loans	7,278,053,191	7,758,798,180
» Other loans	101,625,796	209,582,685
Total (2)	**36,851,208,480**	**32,884,150,060**
Loans and advances to customers (1+2)	**41,499,588,316**	**36,588,124,684**
» Unamortized bills discount	(45,231,397)	(59,528,351)
» Impairment provision	(1,419,409,102)	(1,255,187,888)
» Unearned interest	(365,161,953)	(224,700,550)
Net loans and advances to customers	**39,669,785,864**	**35,048,707,895**
Distributed to		
» Current balances	17,307,625,654	13,178,840,189
» Non-current balances	22,362,160,210	21,869,867,706
Net loans and advances to customers	**39,669,785,864**	**35,048,707,895**

- Analysis of the impairment provision for customers

Dec.31, 2011

	Individual					
	Overdrafts	Credit cards	Personal loans	Real estate loans	Other loans	Total
» Balance at beginning of the year	6,948,242	42,119,828	71,459,209	8,888,164	13,400,430	**142,815,873**
» Charged during the year	13,429,372	5,306,910	6,589,871	2,988,133	(11,806,498)	**16,507,788**
» Write off during the year	-	(8,858,433)	(2,273,609)	-	-	**(11,132,042)**
» Recoveries from written off debts	-	3,721,913	727,000	-	-	**4,448,913**
Balance at the end of the year	**20,377,614**	**42,290,218**	**76,502,471**	**11,876,297**	**1,593,932**	**152,640,532**

	Corporate					
	Overdrafts	Direct loans	Syndicated loans	Other loans	Discount-ed bills	Total
» Balance at beginning of the year	149,208,018	759,961,827	200,640,880	2,561,291	-	**1,112,372,016**
» Charged during the year	17,175,711	154,370,230	100,360,788	(874,553)	-	**271,032,176**
» Write off during the year	-	(144,805,506)	-	-	-	**(144,805,506)**
» Recoveries from written off debts	-	11,291,492	-	-	-	**11,291,492**
» Exchange revaluation dif-ference	1,271,665	9,979,730	5,626,998	-	-	**16,878,393**
Balance at the end of the year	**167,655,394**	**790,797,773**	**306,628,666**	**1,686,738**	**-**	**1,266,768,571**

Dec.31, 2010

	Individual					
	Overdrafts	Credit cards	Personal loans	Real estate loans	Other loans	Total
» Balance at beginning of the year	6,217,574	63,472,214	123,755,953	6,607,506	-	**200,053,247**
» Charged during the year	730,668	(2,677,769)	(51,790,357)	2,280,658	13,400,430	**(38,056,370)**
» Write off during the year	-	(21,890,799)	(762,282)	-	-	**(22,653,081)**
» Recoveries from written off debts	-	3,216,182	255,895	-	-	**3,472,077**
Balance at the end of the year	**6,948,242**	**42,119,828**	**71,459,209**	**8,888,164**	**13,400,430**	**142,815,873**

	Corporate					
	Overdrafts	Direct loans	Syndicated loans	Other loans	Discount-ed bills	Total
» Balance at beginning of the year	143,233,239	731,698,517	180,395,034	2,462,719	-	**1,057,789,508**
» Charged during the year	4,274,439	41,348,827	11,256,656	98,572	-	**56,978,494**
» Write off during the year	-	(51,552,415)	-	-	-	**(51,552,415)**
» Recoveries from written off debts	-	25,694,981	-	-	-	**25,694,981**
» Exchange revaluation difference	1,700,340	12,771,917	8,989,190	-	-	**23,461,447**
Balance at the end of the year	**149,208,018**	**759,961,827**	**200,640,880**	**2,561,291**	**-**	**1,112,372,016**

21. Derivative financial instruments

21-1 Derivatives

The bank uses the following financial derivatives for non hedging purposes.

- Forward contracts represents commitments of buying foreign and local currencies including unexecuted spot transactions. Future contracts for foreign currencies and/or interest rates represents contractual commitments to receive or pay net amount on the basis of changes in foreign exchange rates or interest rates, and/or buying or selling foreign currencies or financial instruments in a future date with a fixed contractual price under active financial market.
- Credit risk is considered low, and future interest rate contracts represents future exchange rate contracts negotiated for case by case, these contracts requires financial settlements of any differences in contractual interest rates and prevailing market interest rates on future dates based on contractual amount (nominal value) pre agreed upon.
- Foreign exchange and/or interest rate swap represents commitments to exchange cash flows, resulting from these contracts exchange of currencies or interest (fixed rate versus variable rate for example) or both (meaning foreign exchange and interest rate contracts)/ contractual amounts are not exchanged except for some foreign exchange contracts
- Credit risk is represented in the expected cost of foreign exchange contracts that takes place if other parties default to fulfill their liabilities.
  This risk is monitored continuously through comparisons of fair value and contractual amount, and to control the outstanding credit risk, the bank evaluates other parties using the same methods as in borrowing activities.
- Options contracts in foreign currencies and/or interest rates represents contractual agreements for the buyer (issuer) to seller (holders) as a right not an obligations whether to buy (buy option) or to sell (sell option) at a certain day or within certain period for a certain amount in foreign currency or interest rate. Options contracts are either traded in the market or negotiated between the bank and one of its clients (Off balance sheet). The bank exposed to credit risk for purchased options contracts only and in the line of its book cost which represent its fair value.
- The contractual value for some derivatives options considered a base to compare the realized financial instruments on the balance sheet, but it didn't provide indicator on the projected cash flows of the fair value for current instruments, those amounts doesn't reflects credit risk or interest rate risk.

- Derivatives in the banks benefit represent (assets) conversely it represents (liabilities) as a result of the changes in foreign exchange prices or interest rates related to these derivatives. Contractual / expected total amounts of financial derivatives can fluctuate from time to time and also the range through which the financial derivatives can be in benefit of the bank or conversely against its benefit and the total fair value of the financial derivatives in assets and liabilities. hereunder are the fair values of the booked financial derivatives.

A- For trading derivatives

	EGP					
	Notional amount	Dec.31, 2011		Notional amount	Dec.31, 2010	
		Assets	Liabilities		Assets	Liabilities
Foreign derivatives:-						
» Forward foreign exchange contracts	**1,324,589,420**	14,828,172	5,643,831	**3,072,183,403**	10,189,895	17,784,952
» Currency swap	**1,408,305,712**	54,023,412	13,909,846	**5,252,345,990**	95,810,458	46,796,806
» Options	**509,022,896**	2,251,502	2,251,502	**129,589,977**	587,555	587,555
Total derivatives (1)		**71,103,086**	**21,805,179**		**106,587,908**	**65,169,313**
Interest rate derivatives:-						
» Interest rate swaps	**1,124,316,614**	15,667,505	11,842,172	**2,116,390,500**	18,033,720	32,936,778
Total derivatives (2)		**15,667,505**	**11,842,172**		**18,033,720**	**32,936,778**
» Commodity	**128,045,173**	870,385	870,385	**37,459,113**	7,229,086	7,229,086
Total derivatives (3)		**870,385**	**870,385**		**7,229,086**	**7,229,086**
Total assets (liability) for trading derivatives (1+2+3)		**87,640,976**	**34,517,736**		**131,850,714**	**105,335,177**

B- Fair value hedge

	EGP					
	Notional amount	Dec.31, 2011		Notional amount	Dec.31, 2010	
		Assets	Liabilities		Assets	Liabilities
Interest rate derivatives:-						
» Governmental debit instruments hedging	524,775,300	-	78,514,812	-	-	-
» Customers deposits hedging	3,661,135,640	58,903,680	1,255,442	1,159,112,554	7,413,234	8,215,863
Total assets (liability) for hedging derivatives (4)		**58,903,680**	**79,770,254**		**7,413,234**	**8,215,863**
Total financial derivatives (1+2+3+4)		**146,544,656**	**114,287,990**		**139,263,948**	**113,551,040**

21-2 Hedging derivatives

Fair value hedge

The bank uses interest rate swap contracts to cover part of the risk of potential decrease in fair value of its fixed rate governmental debt instruments in foreign currencies.

Net derivative value resulting from the related hedging instruments is EGP 78,514,812 at the end of December, 2011 against EGP (0) at the end of December, 2010, Resulting in net losses form hedging instruments at the end of December, 2011 EGP 78,514,812 against EGP (0) at the end of December, 2010. Profits arises from the hedged items at the end of December, 2011 reached EGP 77,848,826 against EGP (0) at the end of December, 2010.

The bank uses interest rate swap contracts to cover part of the risk of potential decrease in fair value of its fixed rate customers deposits in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 57,648,238 at the end of December, 2011 against EGP 802,629 at the end of December, 2010, Resulting in net profits form hedging instruments at the end of December, 2011 EGP 58,450,867 against net losses EGP 802,629 at the end of December, 2010. Losses arises from the hedged items at the end of December, 2011 reached EGP 57,855,943 against profits EGP 608,038 at the end of December, 2010.

22. Financial investmen

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
Available for sale		
» Listed debt instruments	14,533,886,080	12,182,202,264
» Listed equity instruments	79,748,671	88,634,556
» Unlisted instruments	807,911,526	1,343,002,985
Total available for sale financial investment	**15,421,546,277**	**13,613,839,805**
Held to maturity		
» Listed debt instruments	11,647,020	64,181,945
» Unlisted instruments	27,512,500	235,068,368
Total held to maturity financial investment	**39,159,520**	**299,250,313**
Total financial investment	**15,460,705,797**	**13,913,090,118**
» Listed instruments	13,320,674,913	12,002,427,357
» Unlisted instruments	2,140,030,884	1,910,662,761
	15,460,705,797	**13,913,090,118**
» Fixed interest debt instruments	12,988,814,770	11,515,986,698
» Floating interest debt instruments	1,919,838,711	1,849,898,303
	14,908,653,482	**13,365,885,002**

	Available for sale financial investment	Held to maturity financial investment	Total
Beginning balance on Jan.01, 2010	**7,429,977,151**	**590,057,209**	**8,020,034,360**
» Addition	9,474,625,202	10,098,568	**9,484,723,770**
» Deduction (selling - redemptions)	(3,467,532,767)	(316,564,626)	**(3,784,097,393)**
» Exchange revaluation differences	68,054,023	15,659,162	**83,713,185**
» Profit (Losses) from fair value difference	108,716,196	-	**108,716,196**
Balance at end of year	**13,613,839,805**	**299,250,313**	**13,913,090,118**
Beginning balance on Jan.01, 2011	**13,613,839,805**	**299,250,313**	**13,913,090,118**
» Addition	4,536,303,691	5,000,000	**4,541,303,691**
» Deduction (selling - redemptions)	(2,135,258,815)	(271,834,782)	**(2,407,093,596)**
» Exchange revaluation differences	55,264,416	5,116,368	**60,380,784**
» Profit (Losses) from fair value difference	(647,348,588)	-	**(647,348,588)**
» Impairment (charges) release	(1,254,232)	1,627,620	**373,388**
Balance at the end of year	**15,421,546,277**	**39,159,520**	**15,460,705,797**

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
Profit from financial investments		
» Profit from selling available for sale financial instruments	37,608,880	203,689,153
» Impairment (charges) of available for sale equity instruments	(1,254,232)	(9,844,647)
» Impairment release of available for sale debt instruments	55,264,416	68,054,023
» Profits (Losses)from selling investments in associates	2,444,535	(96)
» Profit (Losses) from selling held to maturity debt investments	(130,027)	(144,331)
	93,933,572	**261,754,102**

23. Investments in associates

Dec.31, 2011	Company's Country	EGP Company's Assets	Company's Liabilities (without equity)	Company's Revenues	Company's Net Profit	Share Amount	Share percentage %
» Commercial International Life Insurance	Egypt	1,532,549,363	1,469,720,530	108,295,223	791,813	28,272,975	45
» Corplease	Egypt	1,418,875,386	1,271,498,831	162,014,580	6,762,407	64,950,622	40
» Haykala for investment	Egypt	3,595,277	307,737	270,000	103,358	1,801,978	40
» Egypt Factors	Egypt	179,815,258	165,064,735	18,440,302	(6,533,187)	5,752,704	39
» International Co. for Security and Services (Falcon)	Egypt	62,511,444	46,751,684	71,809,412	(2,721,265)	5,897,888	40
Total financial investments in associates		**3,197,346,728**	**2,953,343,517**	**360,829,517**	**(1,596,874)**	**106,676,167**	

Dec.31, 2010	Company's Country	EGP Company's Assets	Company's Liabilities (without equity)	Company's Revenues	Company's Net Profit	Share Amount	Share percentage %
» Commercial International Life Insurance	Egypt	1,597,541,347	1,539,900,007	223,889,211	3,147,882	25,938,603	45
» Corplease	Egypt	1,162,538,842	1,045,472,389	186,387,640	8,460,701	46,826,581	40
» Haykala for Investment	Egypt	3,388,431	246,623	1,590,695	328,789	1,743,685	40
» Egypt Factors	Egypt	189,004,746	164,773,230	14,896,877	(3,036,572)	9,450,291	39
» International. Co. for Appraisal and Collection.	Egypt	6,986,318	662,370	8,176,394	3,553,173	2,529,580	40
» International Co. for Security and Services (Falcon)	Egypt	46,349,141	20,501,661	55,280,073	11,620,683	10,338,993	40
Total investments in subsidiary and associates		**3,005,808,825**	**2,771,556,280**	**490,220,890**	**24,074,655**	**96,827,733**	

24. Real estate investments

	Dec.31, 2011 EGP Book value	Dec.31, 2010 EGP Book value
Assets*		
» Building number 17 tiba st. Eldokki next to shooting club	-	7,600,000
» Commercial unit number f 35 in arkadia mall (14 elbahr st. Boulak kornish el nile)	-	361,200
» Appartment in the first floor 230 meters elmadina tower elgomhoria st. Port said	750,000	750,000
» 338.32 meters on a land and building the property number 16 elmakrizi st. Heliopolis	700,000	1,000,000
» Villa number 113 royal hills 6th of october	2,000,000	2,000,000
» A land area with 1468.85 meters elsaidi basin -markaz nabrouh eldakahlia	1,121,965	1,121,965
» Land and a bulding in elmansoura elnahda street 766.3 meters	3,463,000	3,463,000
» Agricultural area 1 feddan 14t and 17.25 shares near el azazi fak-ous elsharkia	222,000	222,000
» Land number 16 mit khamis elmansoura (3 carats, 15 share)which equals 645 meters	-	1,935,000
» Agriculutral area - markaz shebin eldakahlia **	4,517,721	10,242,499
Total	**12,774,686**	**28,695,664**

25. Other assets

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Accrued revenues	894,579,720	797,806,076
» Prepaid expenses	91,415,711	75,174,383
» Advances to purchase of fixed assets	103,989,488	53,943,061
» Accounts receivable and other assets ***	438,653,639	453,103,600
» Assets acquired as settlement of debts	6,180,933	4,630,353
Total other assets	**1,534,819,491**	**1,384,657,473**

* This include the value of premises that was not recorded under the bank›s name by EGP 12.774.686 which were acquired against settlement of the debts mentioned above, in the same time the legal procedures are under process to register or sell these assets within the period required by law.

** 22 feddans 9 carats had been sold from total 47 feddans 11 carats

*** Include EGP 6,331,048 as assets held for sale.

26. Property, plant and equipment

Dec.31, 2011

	Land EGP	Premises EGP	IT EGP	Vehicles EGP	Fitting -Out EGP	Machines & Equip-ment EGP	Furniture & Furnishing EGP	Total EGP
» Opening balance (3)	60,575,261	386,747,041	711,666,472	41,294,565	249,926,926	245,285,808	115,547,453	**1,811,043,526**
» Additions (deductions) during the year	-	19,324,100	46,387,590	7,696,268	17,312,320	17,257,733	2,324,598	**110,302,609**
Closing balance (1)	**60,575,261**	**406,071,141**	**758,054,062**	**48,990,833**	**267,239,246**	**262,543,541**	**117,872,051**	**1,921,346,135**
» Accu.depreciation at beginning of the year (4)	-	141,165,205	501,268,563	24,306,999	207,345,143	161,359,118	67,267,511	**1,102,712,539**
» Current year depreciation	-	20,705,025	87,061,107	2,514,879	33,648,921	30,439,722	13,755,853	**188,125,507**
Accu.depreciation at end of the year (2)	**-**	**161,870,230**	**588,329,670**	**26,821,878**	**240,994,064**	**191,798,840**	**81,023,364**	**1,290,838,046**
» End of year net assets (1-2)	60,575,261	244,200,911	169,724,392	22,168,955	26,245,182	70,744,701	36,848,687	**630,508,089**
Beginning of year net assets (3-4)	**60,575,261**	**245,581,836**	**210,397,909**	**16,987,566**	**42,581,783**	**83,926,690**	**48,279,942**	**708,330,987**
Depreciation rates		%5	%20	%20	%33.3	33.3%	20%	

- Net fixed assets value on the balance sheet date includes EGP 47,111,589 non registered assets while their registrations procedures are in process.

27. Due to banks

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Current accounts	493,794,517	628,594,359
» Deposits	2,847,000,000	693,685,550
	3,340,794,517	**1,322,279,909**
» Central banks	46,941,713	67,074,769
» Local banks	2,905,759,685	110,476,364
» Foreign banks	388,093,119	1,144,728,776
	3,340,794,517	1,322,279,909
» Non-interest bearing balances	398,317,328	528,398,567
» Fixed interest bearing balances	2,942,477,189	793,881,342
	3,340,794,517	**1,322,279,909**
» Current balances	493,794,517	628,594,359
» Non-current balances	2,847,000,000	693,685,550
	3,340,794,517	**1,322,279,909**

28. Due to customers

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Demand deposits	16,942,060,088	16,663,118,908
» Time deposits	24,532,817,359	21,893,614,059
» Certificates of deposit	18,819,931,329	15,205,693,671
» Saving deposits	9,484,866,150	8,321,204,407
» Other deposits	1,688,260,333	1,280,546,233
	71,467,935,259	**63,364,177,278**
» Corporate deposits	37,121,552,736	34,044,137,028
» Individual deposits	34,346,382,523	29,320,040,250
	71,467,935,259	**63,364,177,278**
» Non-interest bearing balances	18,630,320,421	17,943,665,141
» Fixed interest bearing balances	52,837,614,838	45,420,512,137
	71,467,935,259	**63,364,177,278**
» Current balances	50,501,255,584	47,852,478,276
» Non-current balances	20,966,679,675	15,511,699,002
	71,467,935,259	**63,364,177,278**

29. Long term loans

	Rate %	Maturity date	Maturing through next year EGP	Balance on Dec.31, 2011 EGP	Balance on Dec.31, 2010 EGP
» Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	8,602,483	13,697,721	34,363,003
» Support to Private Sector Industry Environmental Protection II (KFW)	10.5 - 9	2012	3,285,048	3,285,048	8,966,582
» United Nations Industrial Development Organization (UNIDO)	1	2011	-	-	60,014
» Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	66,930,000	78,570,000	78,352,222
» Social Fund for Development (SFD)	3 months T/D or 9% which more		167,326	167,326	417,000
» Spanish Cooperation Microfinance Fund (SCMF)	0.5	2012	3,613,282	3,613,282	6,954,604
Total			**82,598,138**	**99,333,376**	**129,113,426**

30. Other liabilities

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Accrued interest payable	258,540,767	203,493,541
» Accrued expenses	183,928,633	124,551,148
» Accounts payable	353,900,773	389,798,419
» Income tax	446,414,136	431,731,217
» Other credit balances	99,951,732	20,622,735
Total	**1,342,736,040**	**1,170,197,060**

31. Other provisions

	Dec.31, 2011 EGP					
	Opening balance	Charged during the year	Exchange revaluation difference	Usage during the year	Balance no longer required	Closing balance
» Provision for income tax claims	17,210,280	-	-	(656,595)	-	**16,553,685**
» Provision for legal claims	34,719,567	2,021,413	-	-	(1,569,020)	**35,171,959**
» Provision for contingent	256,708,900	-	2,321,223	(178,971)	(48,748,110)	**210,103,042**
» Provision for other claim	10,001,799	2,196,294	8,397	(3,233,267)	-	**8,973,223**
» Provision for end of service	250,574	-	-	-	(250,574)	**-**
Total	**318,891,119**	**4,217,707**	**2,329,620**	**(4,068,833)**	**(50,567,704)**	**270,801,909**

	Dec.31, 2010 EGP					
	Opening balance	Charged during the year	Exchange revaluation difference	Usage during the year	Balance no longer required	Closing balance
» Provision for income tax claims	155,953,095	1,257,185	-	-	(140,000,000)	**17,210,280**
» Provision for legal claims	3,862,273	33,948,485	-	(5,000)	(3,086,191)	**34,719,567**
» Provision for contingent	281,592,486	3,094,612	7,334,078	-	(35,312,276)	**256,708,900**
» Provision for other claim	8,356,874	3,624,020	6,542	(1,985,637)	-	**10,001,799**
» Provision for end of service	293,348	78,998	-	-	(121,772)	**250,574**
Total	**450,058,076**	**42,003,300**	**7,340,620**	**(1,990,637)**	**(178,520,239)**	**318,891,119**

32. Shareholders Equity

(A) Capital

- **The authorized capital reached EGP 20 billion according to the extraordinary general assembly decision on 17 Mar,2010**
- **"Issued and Paid in Capital reached EGP 5,934,562,990 to be divided on 593,456,299 shares with EGP 10 par value for each share based on:**

1- Increase issued and Paid up Capital by amount EGP 25,721,800 in April 21, 2010 in according to Board of Directors decision on November 11,2009 by issuance of first trench for E.S.O.P program

2- "Increase issued and Paid up Capital by amount EGP 2,950,721,800 in July 15, 2010 according to Board of Directors decision on May 12 ,2010 by distribution of one share for every outstanding share by capitalizing on the General Reserve and part of the Legal Reserve.

3- Increase issued and Paid up Capital by amount EGP 33,119,390 in July 31, 2011 in according to Board of Directors decision on November 10,2010 by issuance of second trench for E.S.O.P program

- The Extraordinary General Assembly approved in the meeting of June 26, 2006 to activate a motivating and rewarding program for the bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid-in capital at par value ,through 5 years starting year 2006 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- The Extraordinary General Assembly approved in the meeting of April 13,2011 continue to activate a motivating and rewarding program for the bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid-in capital at par value ,through 5 years starting year 2011 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- Dividend deducted from shareholders' equity in the Year in which the General Assembly recognizes the shareholders of this dividend, which includes staff profit share and remuneration of the Board of Directors stated in the law.

(B) Reserves

- According to the bank status 5% of net profit is to increase legal reserve until it reaches 50% of the bank's issued and paid in capital
- Concurrence of Central Bank of Egypt for usage of special reserve is required.

33. Deferred tax

	Assets (Liabilities) Dec.31, 2011 EGP	Assets (Liabilities) Dec.31, 2010 EGP
Deferred tax assets and liabilities are attributable to the following:		
» Fixed assets (depreciation)	(13,329,499)	(24,416,110)
» Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	9,522,636	9,324,068
» Other investments impairment	97,124,847	102,790,700
» Reserve for employee stock ownership plan (ESOP)	30,659,714	29,904,171
Total	**123,977,698**	**117,602,829**

34. Share-based payments

- According to the extraordinary general assembly meeting on June 26, 2006, the bank launched new employees share ownership plan (ESOP) scheme and issued equity-settled share-based payments. Eligible employees should complete a term of 3 years of service in the bank to have the right in ordinary shares at face value (right to share) that will be issued on the vesting date; otherwise such grants will be forfeited. Equity-settled share-based payments are measured at fair value at the grant date, and expensed on a straight-line basis over the vesting period (3 years) with corresponding increase in equity based on estimated number of shares that will eventually vest (True up model). The fair value for such equity instruments is measured using of Black-Scholes pricing model.

Details of the rights to share outstanding during the Year are as follows:

	Dec.31, 2011 No. of shares	Dec.31, 2010 No. of shares
» Outstanding at the beginning of the year	10,550,825	10,322,024
» Granted during the year	5,844,356	3,388,366
» Forfeited during the year	(407,206)	(587,385)
» Exercised during the year	(3,311,939)	(2,572,180)
Outstanding at the end of the year	**12,676,036**	**10,550,825**

Details of the outstanding tranches are as follows:

Maturity date :	Exercise price EGP	Fair value EGP	No. of shares
2012	10	13.70	3,746,842
2013	10	21.70	3,084,838
2014	10	21.25	5,844,356
Total			**12,676,036**

The fair value of granted shares is calculated using Black-Scholes pricing model with the following:

	5th tranche	4th tranche
» Exercise price	10	10
» Current share price	31.15	54.68
» Expected life (years)	3	3
» Risk free rate %	11.6%	12%
» Dividend yield%	3.21%	2.74%
» Volatility%	34%	42%
Volatility is calculated based on the daily standard deviation of returns for the last three years.		

35. Reserves and retained earnings

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Legal reserve	231,344,896	125,128,337
» General reserve	1,234,122,776	78,412,462
» Retained earnings	(334,419,692)	(203,604,610)
» Special reserve	185,931,315	184,356,569
» Reserve for A.F.S investments revaluation diff.	(723,343,863)	(18,418,736)
» Banking risks reserve	281,689,619	156,992,515
» Intangible Assets Value For Bank Share Before Acquisition	302,794,421	302,794,421
Total reserves and retained earnings at the end of the year	**1,178,119,472**	**625,660,957**

A- Banking risks reserve

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Beginning balance	156,992,515	26,652,790
» Transferred from profits	124,697,104	130,339,725
Ending balance	**281,689,619**	**156,992,515**

B- Legal reserve

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Beginning balance	125,128,337	513,606,534
» Used during the year	-	(476,326,032)
» Transferred from profits	106,216,559	87,847,835
Ending balance	**231,344,896**	**125,128,337**

C- Reserve for A.F.S investments revaluation difference

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Beginning balance	(18,418,736)	(107,124,766)
» Unrealized gains (losses) from A.F.S investment revaluation	(704,925,127)	108,847,257
» The effect of changing accounting policies	-	(20,141,227)
Ending balance	**(723,343,863)**	**(18,418,736)**

D- Retained earnings

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Beginning balance	(203,604,610)	(176,287,838)
» Dividend previous year	(5,125,378)	-
» Change during the year	(2,836,909)	1,587,135
» Transferred to (from) retained earnings	(122,852,795)	(28,903,907)
Ending balance	**(334,419,692)**	**(203,604,610)**

36. Cash and cash equivalent

	Dec. 31, 2011 EGP	Dec. 31, 2010 EGP
» Cash and balances with central bank	7,492,064,510	5,675,241,791
» Due from banks	8,528,229,519	7,054,682,826
» Treasury bills and other governmental notes	9,260,842,183	8,821,003,566
» Obligatory reserve balance with CBE	(3,014,779,811)	(2,496,478,514)
» Due from banks (time deposits) more than three months	(5,237,471,783)	(3,904,210,090)
» Treasury bills with maturity more than three months	(8,821,367,483)	(7,092,113,082)
Total cash and cash equivalent	**8,207,517,135**	**8,058,126,497**

37. Contingent liabilities and commitments

(A) Legal claims

There are a number of existing cases filed against the bank on Dec.31, 2011 without provision as it's not expected to make any losses from it.

(B) Capital commitments

- **Financial investments:-**

The capital commitments for the financial investments reached on the date of financial position EGP 173,576,091 as follows:-

	Investments value EGP	Paid EGP	Remaining EGP
» Available for sale financial investments	366,822,734	193,246,643	173,576,091

- **Fixed assets and branches constructions;-**

The value of commitments for the purchase of fixed assets contracts and branches constructions that have not been implemented till the date of financial statement amounted to EGP 23,292,545

(C) Letters of credit, guarantees and other commitments

	Dec.31, 2011 EGP	Dec.31, 2010 EGP
» Letters of guarantee	11,263,565,016	10,300,701,367
» Letters of credit (import and export)	753,154,858	989,910,137
» Customers acceptances	542,833,642	589,087,209
Total	**12,559,553,516**	**11,879,698,713**

38. Comparative figures

- The comparative figures are amended to confirm with the reclassification of the current year and general assembly held on 21th of march, 2011, decisions, for ratifying the appropriation account of year 2010.
- The comparative figures of 2010 are amended to confirmed with the effect of changing in accounting policies.

39. Mutual funds

- **Osoul fund**
  - The Bank established an accumulated return mutual fund under license no.331 issued from capital market authority on 22/02/2005. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
  - The number of certificates issued reached 44,697,171 with redeemed value EGP 7,786,694,160.
  - The market value per certificate reached EGP 174.21 on 31/12/2011.
  - The Bank portion got 1,092,899 certificates with redeemed value EGP 190,393,935.

- **Istethmar fund**
  - CIB bank established the second accumulated return mutual fund under license no.344 issued from capital market authority on 26/02/2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.

- The number of certificates issued reached 2,520,794 with redeemed value EGP 116,561,515 .
- The market value per certificate reached EGP 46.24 on 31/12/2011.
- The Bank portion got 194,744 certificates with redeemed value EGP 9,004,963 .

• Aman fund (CIB and Faisal Islamic Bank Mutual Fund)

- The Bank and Faisal Islamic Bank established an accumulated return mutual fund under license no.365 issued from capital market authority on 30/07/2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 766,223 with redeemed value EGP 26,626,249 .
- The market value per certificate reached EGP 34.75 on 31/12/2011.
- The Bank portion got 71,943 certificates with redeemed value EGP 2,500,019 .

• Hemaya fund

- CIB bank established an accumulated return mutual fund under license no.585 issued from financial supervisory Authority on 23/06/2010. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 643,744 with redeemed value EGP 68,307,676 .
- The market value per certificate reached EGP 106.11 on 31/12/2011.
- The Bank portion got 50,000 certificates with redeemed value EGP 5,305,500 .

• Thabat fund

13/09/2011. CI Assets Management Co.- Egyptian joint stock co - manages the fund.

- The number of certificates issued reached 2,619,141 with redeemed value EGP 268,933,398 .
- The market value per certificate reached EGP 102.68 on 31/12/2011.
- The Bank portion got 52,304 certificates with redeemed value EGP 5,370,575 .

40. Transactions with related parties

All banking transactions with related parties are conducted in accordance with the normal banking practices and regulations applied to all other customers without any discrimination.

(a) Loans, advances, deposits and contingent liabilities

	EGP
» Loans and advances	780,597,123
» Deposits	232,470,613
» Contingent liabilities	198,213

(b) Other transactions with related parties

	Income (EGP)	Expenses (EGP)
» International Co. for Security & Services	1,715,572	60,682,959
» Corplease Co.	84,790,313	52,413,034
» Commercial International Life Insurance Co.	2,424,880	1,728,547

(c) Benefits of the board of directors and senior management

Benefits of the board of directors and senior management members reached 3.63% on December.31 ,2011 from total salaries and wages compared with 2.94% on December.31 ,2010

41. Good will & intangible assets

- According to Central Bank of Egypt regulation issued on 16/12/2008, an amortization of of 20% annualy has been applied on Goodwill starting Year 2010
- Amortization Amount have been riched until end of December 2011 EGP 80,186,891

Intangible Assets which has been acquired at the acquisition date are determined as follows:-

	EGP
» Brand	336,790,272
» Licenses	20,000,000
» Contracts	119,694,389
» Customer Relationships	198,187,745
Total	**674,672,406**
» Amortization Till December 2011	(365,319,302)
Net Intangible Assets	**309,353,104**

42. Tax status

1- Bank

- The bank's corporate income tax position has been examined and settled with the tax authority from the start up of operations up to the end of year 1984.
- Corporate income tax for the years from 1985 up to 2000 were paid according to the tax appeal committee decision and the disputes are under discussion in the court of law.
- The bank's corporate income tax position has been examined and settled with the tax authority from 2001 up to 2004.
- Corporate income tax for the years 2005-2006 has been examined from the tax authority and paid.
- The bank pays salary tax according to concerning domestic regulations and laws, and the disputes are under discussion in the court of law.
- The bank pay stamp duty tax according to concerning domestic regulations and laws, and the disputes are under discussion in the court of law .

2- CICH

- The company has been inspected from the beginning of its operation 1999 till 2000 The company has made an objection over the tax declaration & the re-inspection has been approved but till now no date has been determined for inspection (no inspection made from year 2001 till 2004)
- The tax deceleration has been represented for the years 2005/2007 according to the income tax rule no. 91 year 2005
- The salary tax has been inspected from the beginning of operation till 2004 & has been settled no tax inspection has been made from 2005 till now
- The company has been inspected from the beginning of its operation 1999 till 2000 The company made an objection on the legal time & no date has been determined for internal committee to discuss the issue no tax inspection has been made from 2001 till the cancellation of stamp duty rule on 31/07/2006
- Sales tax is not applied for the company's operation

43. Main currencies positions

	Dec. 31, 2011 In thousand EGP	Dec. 31, 2010 In thousand EGP
» Egyptian pound	8,068	11,966
» US dollar	24,134	(6,602)
» Sterling pound	408	(400)
» Japanese yen	(53)	(433)
» Swiss franc	118	130
» Euro	7,481	8,218

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