Investing in People
Investing in the Future

ANNUAL REPORT 2012

CIB's 5,181 employees bring to the table a balanced blend of seasoned insight coupled youthful vigor — a mix that helps us efficiently serve more than 589,645 customers.

[Veteran Know-How, Youthful Vigor]

Contents

What We Do

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. This enables the Bank 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 Bank 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 dropped to 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, in December 2009, 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. The emergence of Actis as the predominant shareholder marked a successful transition in the Bank's strategic partnership.

[The leading private sector bank in Egypt]

A Snapshot Of Our Businesses

Corporate Banking

Widely recognized as the preeminent corporate bank in Egypt, CIB aspires to become one of the best banks in the region, serving industry-leading corporate clients.

Business Banking

The Business Banking Segment was formally launched at the end of 2011 following a successful one-year pilot program, particularly among retail companies in the Egyptian market. It mainly serves small and midsize companies which are the backbone of the Egyptian economy with a contribution of almost 80% of total GDP. This comes as a natural progression of the Bank's mission to remain one of Egypt's biggest financial and commercial institutions supporting the Egyptian economy.

Mid-Cap Banking

This division caters to medium-sized companies, employing a dedicated team of certified officers who are highly specialized in providing advice and assistance to midsized businesses. The department's role is to help these businesses grow to become large corporations in the future.

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 2012 as it continued to build a full-service, world-class consumer bank, as underscored by the ability to serve clients in a challenging environment last year. We offer a wide array of consumer banking products, including:

- Personal Loans: Focusing on employees of our corporate banking clients and offering secured overdrafts and trade products.
- Auto Loans: Positioned to actively support this growing market in the coming years.
- Deposit Accounts: Offering 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: Providing loans to finance home purchases, residential construction and refurbishment and finishing.
- Credit and Debit Cards: Offering a broad range of credit, debit and prepaid cards.

Wealth Management

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

Global Transactional Services (GTS)

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

Treasury and Capital Markets Services

CIB delivers world class service in the areas of cash and liquidity management, capital markets, foreign exchange and derivatives.

Direct Investment

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

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.

Key Financial Highlights

	FY 12 Consolidated	FY 11 Consolidated	FY 10 Consolidated	FY 12	FY 11	FY 10	FY 09	FY 08	FY 07	FY 06	FY 05
Common Share Information Per Share											
Earning Per Share (EPS) *				3.53	2.43	3	2.63	4.89	3.73	3.64	2.77
Dividends (DPS)				1.25	1	1	1.5	1	1	1	1
Book Value (BV/No of Share)				18.94	15.03	14.59	23.75	19.25	20.93	15.59	19.44
Share Price (EGP)**											
High				39.8	47.4	79.49	59.7	93.4	95	79	63.5
Low				21.1	18.5	33.75	29.5	27.87	53.61	42.11	39.91
Closing				34.6	18.7	47.4	54.68	37.2	91.77	57.87	58.68
Shares Outstanding (millions)				597.2	593.5	590.1	292.5	292.5	195	195	130
Market Capitalization (EGP millions)				20,646	11,098	27,973	15,994	10,881	17,895	11,285	7,628
Value Measures											
Price to Earnings Multiple (P/E)				9.8	7.7	15.8	20.8	7.6	24.6	15.9	21.2
Dividend Yield (based on closing share price)				3.62%	5.35%	2.11%	2.74%	2.69%	1.09%	1.73%	2.60%
Dividend Payout Ratio				31.36%	33.90%	27.60%	24.60%	18.10%	15.80%	27.50%	21.30%
Market Value to Book Value Ratio				1.83	1.24	3.25	2.3	1.93	4.39	3.71	3.02
Financial Results (EGP millions)											
Net Operating Income	5,344	3,934	3,952	5,108	3,837	3,727	3,173	3,200	2,288	1,741	1,450
Provision for Credit Losses - Specific	610	321	6	610	321	6	9	346	193	176	197
Provision for Credit Losses - General								49	57	18	167
Total Provisions	610	321	6	610	321	6	9	395	250	193	364
Non Interest Expense	1,653	1,557	1,562	1,445	1,337	1,188	1,041	950	636	668	474
Net Profits	2,226	1,615	2,021	2,203	1,749	2,141	1,784	1,615	1,233	802	610
Financial Measures											
Cost : Income	30.93%	39.58%	39.52%	28.29%	34.84%	31.87%	32.80%	29.69%	27.82%	38.38%	32.72%
Return on Average Common Equity (ROAE)	22.79%	18.69%	28.66%	21.77%	20.96%	30.47%	31.18%	36.31%	37.95%	31.58%	29.30%
Net Interest Margin (NII/average interest earning assets)				4.74%	3.71%	3.62%	3.81%	3.54%	3.12%	3.06%	3.50%
Return on Average Assets (ROAA)	2.48%	2.01%	2.89%	2.45%	2.18%	3.08%	2.94%	3.08%	2.90%	2.37%	2.09%
Regular Workforce Headcount	5,181	4,867	4,755	4,867	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)	16,140	18,990	16,325	16,764	19,821	16,854	16,125	14,473	21,573	13,061	10,537
Net Loans and Acceptances	41,877	41,065	35,175	41,877	41,065	35,175	27,443	26,330	20,479	17,465	14,039
Assets	94,014	85,506	75,425	94,405	85,628	75,093	64,063	57,128	47,664	37,422	30,390
Deposits	78,729	71,468	63,364	78,835	71,574	63,480	54,843	48,938	39,515	31,600	24,870
Common Shareholders Equity	10,822	8,712	8,567	11,311	8,921	8,609	6,946	5,631	4,081	3,040	2,527
Average Assets	89,760	80,480	69,840	90,017	80,361	69,578	60,595	52,396	42,543	33,906	29,183
Average Interest Earning Assets	80,063	70,913	62,007	79,834	70,549	61,624	53,431	44,602	36,603	29,277	25,619
Average Common Shareholders Equity	9,767	8,640	7,800	10,116	8,765	7,777	6,288	4,856	3,560	2,784	2,325
Balance Sheet Quality Measures											
Equity to Risk-Weighted Assets	16.59%	15.79%	17.63%	17.33%	16.11%	17.71%	17.01%	15.19%	13.70%	14.14%	13.83%
Risk-Weighted Assets (EGP billions)	65	55	49	65	55	49	41	37	30	26	22
Tier 1 Capital Ratio	12.20%	12.53%	15.66%	12.20%	12.53%	15.66%	15.28%	13.74%	10.17%	9.59%	9.78%
Adjusted Capital Adequacy Ratio	13.59%***	15.40%	16.92%	13.59%***	15.40%	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
*** As per Basel II regulations before profit appropriation

Key Facts

#1 Bank in terms of:

Profitability, achieving EGP 2.2 billion in net income.

Revenue among all Egyptian private sector banks with EGP 5.3 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 **5,181** employees serve some 589,648 customers.

EGP **94.0** bn in total assets.

119,611 internet banking subscribers.

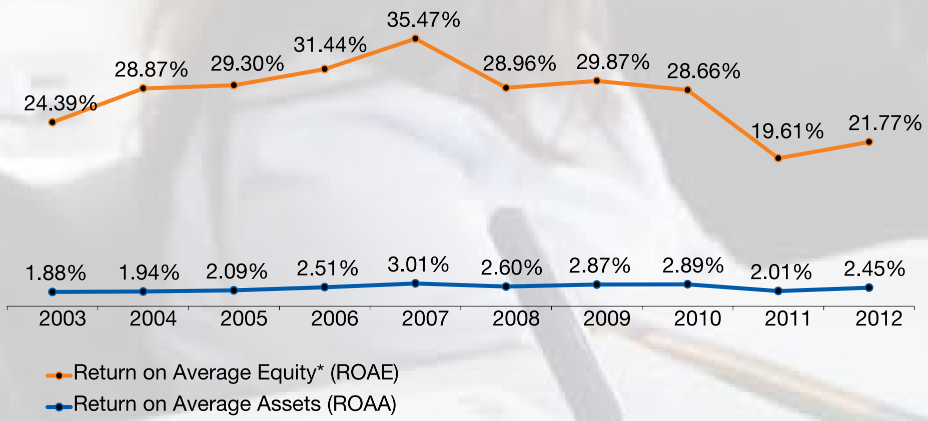
Over **500** of Egypt's largest corporations bank with CIB.

A Strategy that Delivers

CIB's outstanding performance during the turbulent times since early 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 commitment to our clients is the basis on 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



* Total equity before profit distribution

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

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.

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 under-served or un-banked.

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.

In the wake of the revolution we protected middle management and junior ranks from salary cuts. Our rationale was clear: Rank and file and mid-level management are the engine of this institution.

Systems Built and Lived by People, For People

Managing an institution such as CIB through exceptionally challenging economic and political times on a regional and even international scale is primarily an exercise in homeostasis. Our goal is simple: To maintain our position as the nation's leading private-sector financial institution, to maintain our credit quality, our risk profile and our ability to respond creatively to new opportunities and threats alike.

We have succeeded in doing so since 25 January 2011, which is a testament not just to the dedication and skills of our 5,181 employees, but to the soundness of the systems these same people have built in the decades preceding. It is for this reason that a spotlight on our investment in human talent is at the heart of this year's annual report.

Over a period of years, our staff have built an institution that rewards creativity, minimizes risk and maximizes productivity by recruiting, empowering and retaining professionals capable of building the responsive systems that have made us what we are today: Egypt's largest private-sector bank by assets, revenues and profitability.

This has been possible because of a can-do culture that has been part of the fabric of CIB since our earliest days. The blueprint for success is as deceptively simple as it is difficult to implement:

We seek business partners: There's a reason why top-level management welcome middle management to our weekly meetings, allowing them to learn from and internalize our debates and discussions. There's a reason why we encourage this practice at all levels of the organization: Business partners build for the future and feel sufficiently invested in to deliver results come hell or high water.

We specialize: We instill, manage and measure productivity by creating area specialists. We are not jacks of all trades and masters of none. Every young fast-mover in our organization is, first and foremost, someone who has the same entrepreneurial spirit and systems-backed approach that we look for in mid-career and senior-level recruits. Our staff are cross-trained, but they focus on specific areas and become industry-recognized experts.

We are efficient: From planning to execution, we work at all costs to minimize wasted time. Our staff are our greatest asset, and the number of hours available to them in each day is finite.

We retain our best and brightest: We don't just look to recruit the highest-quality individuals possible, we also invest significantly in their professional development and retain them for the long term by acknowledging that their best interests are almost always the best interests of our institution.

We defy conventional wisdom: The global tendency in our industry is to cut wages, slash bonuses and reduce head count in times of crisis. That's the obvious, mechanical model: Hammer headcount and fixed costs. Not at CIB. We dig-in and persevere. Take 2011, when we clearly acknowledged that short-term savings on the backs of middle management and the rank and file is not the way to sustain — let alone enhance — our competitive edge in a 38-bank environment. In the wake of the Revolution, we protected middle management and junior ranks from salary cuts. It was not an obvious solution in our industry, but our rationale was clear: Rank and file and mid-level management are the engine of this institution. They repaid our 2011 investment with interest with their outstanding performance in 2012.

We are nimble: Adaptation and change have become part of our culture, and we have stamped out both institutional stagnation and the cancer that is mental rust. Where other institutions would have taken half a year to study and debate responses to the challenges of 2011 and 2012, we pivoted our business plans in a matter of weeks.

We show no fear: We are an institution of human beings, not machines. From the freshest recruit to senior management, we are impacted at work by the outside forces that shape our private lives: by the way we live and go home, by security and the recurrent nightmare of night-time talk shows. We cope with difficult times such as these just as we did in the best of times: By learning how to operate with confidence outside our comfort zone. That's what managing change is all about. Across the bank, our managers have shown a level-headed approach to business that has instilled confidence in staff throughout this institution.

2012 Performance as an Institution

If you have read more than a single day's front-page headlines in any newspaper or website — or watched a single night of television — you know that it is an understatement to say 2012 presented a 'challenging working environment.'

As bankers, we have a simple business model: We take deposits, and give out loans. It is a simple calculus in most circumstances, but an utter lack of visibility during the protracted post-Revolutionary transition period made business judgment not a science, but a dark art.

I was privileged, against this backdrop, to have worked in 2012 with Mr. Hisham Ramez as an equal partner. Hisham joined us from the Central Bank of Egypt, and having someone with whom to share the burden of leadership was among the highlights of my year. Hisham made a substantial difference in his time with the bank, and his departure to assume his duties as the Governor of the CBE is both our nation's gain and this institution's loss. He did great work here and we will definitely miss him. As we pray for his success, our mission continues: "To create outstanding value for shareholders by being the best bank in Egypt, full stop."

Based on our Board Charter, in the absence of one of the managing directors, the other assumes his responsibilities. Accordingly, I will temporarily assume Hisham's responsibilities as per the mandated authorities by the board.

As I write these words, it is clear that the challenges of 2012 did not come to an end with the change of the calendar year. Our goal for 2013 is thus to maintain continuity in people and systems to allow us to mitigate risk at every turn. We will maintain a homeostatic position while we hope that early seeds of willingness on the part of the opposition and government alike to talk across factional lines blossoms. We look forward to bedrock political stability returning and to wise guidance by the new governor of the Central Bank of Egypt — two factors that we are confident will ultimately see the return of business confidence.

As local businesses begin investing once more, pent-up foreign interest in Egypt to translate into fresh investment, attracted by enduring macro fundamentals, a sound financial system and attractive asset prices. As this comes to fruition, we will be ready to deliver, calling on the same people who created the systems and processes that have allowed us to flourish as others have foundered on the rocks.

Any organization can write policies and slogans, but consistent implementation is the key. Implementation and enforcement on the ground year after year is what makes it part of your DNA.

Hisham Ezz El-Arab
Chairman and Managing Director

Board of Directors' Report

2012 Macroeconomic Overview

Egypt has been undergoing a period of profound socio-political change as it aspires to improve its economic, political and social conditions post-revolution. Challenging conditions in both the domestic and global arenas have resulted in macroeconomic disruptions and kept growth and investment levels from reaching their full potential. The major challenge currently facing the Egyptian economy is a combination of reduced security and political instability, which raise investor concerns and negatively impact tourism, investment, employment and production.

Egypt's real GDP growth showed a relative improvement of 2.2% in FY 2011/2012 from 1.8% during FY 2010/2011 but remained significantly below average historical levels. The main sectors contributing to this growth were agriculture, construction, telecommunications and real estate. Manufacturing and tourism, Egypt's traditional economic growth drivers, showed only modest increases. Tourism grew by 2.3% (0.1% of real GDP growth) while manufacturing grew by only 0.7% (0.1% of real GDP growth). Tourism's contribution to current account receipts has witnessed steady decline from 20% in 2010 to 17% in 2011 and to only 14% in 2012.

Low investor confidence caused domestic investments to contract from 19.5% of GDP in 2010 to 17.1% in 2011 and 16.7% in 2012, while FDI came in at just a quarter of 2010 levels (0.8% of GDP vs. 3.1%). The lack of investor appetite contributed to lower levels of job creation and caused unemployment to reach 12.5% in 2012 (the highest level since 2002), from 11.9% in 2011 and 8.9% in 2010. Domestic savings declined from 14.3% of GDP in 2010 to 13% in 2011 and 9.1% in 2012 (lower than levels seen during the global financial crisis of 2008/2009). The budget deficit increased to 10.7% of GDP in 2012 from 9.8% in 2011 and BOP to GDP declined to (4.4%) in 2012 from (4.1%) in 2011 and 1.5% in 2010.

Egypt recorded a significant drop of 58% in the Central Bank of Egypt's net international reserves, from USD 36 billion in 2010 to USD 15 billion in 2012, as the CBE defended the Egyptian pound against devaluation pressures. As a result, the USD / EGP exchange rate devalued from 6.03 at the end of 2011 to 6.31 by December 2012. Due to continued weakness in domestic demand as well as lower global commodity prices, inflation (consumer price index in urban areas) declined from 11% in 2011 to 8.6% as of November 2012.

Despite the unfavorable economic backdrop, the Egyptian banking system has remained relatively resilient, liquid and well-capitalized. The sector's loan-to-deposit ratio declined to 47.8% (as of November 2012) from 49.5% in December 2011. The local currency loan-to-deposit ratio declined from 45.7% to 45.3% while the foreign currency loan-to-deposit ratio declined from 61.7% to 56.2%. Total market deposits grew by 8.1% from EGP 989 billion in 2011 to EGP 1.07 trillion in November 2012 on increases of 8.2% and 7.5% in LCY and FCY deposits respectively. Total market loans grew by 4.5% from EGP 490 billion in 2011 to EGP 512 billion as of November 2012, on a 7.2% increase in LCY loans and a 2.0% decline in FCY loans. The sharp increase in sovereign debt rates encouraged local banks to allocate a larger portion of their portfolio to sovereign assets.

> *Management's proactive actions in Q4 2011 and Q1 2012 to reposition the Bank against looming headwinds were instrumental in boosting product revenues.*

2012 Financial Position

The year 2012 was a record one for CIB on many levels. CIB recorded consolidated net income for FY 2012 of EGP 2,227 million, growing 38% from FY 2011. Standalone net income grew 26% over 2011 and 2.9% over 2010 figures to EGP 2,203 million. Total standalone revenues grew 36% over 2011 and 44% over 2010 to reach EGP 5,422 million, achieving their highest level of growth since 2008.

Management's proactive actions in Q4 2011 and Q1 2012 to reposition the Bank against looming headwinds were instrumental in boosting product revenues, which traditionally have not been major contributors to top and bottom lines. In 2012, CIB also witnessed great adaptability and responsiveness in pricing decisions, which led to a restructuring of the liabilities mix along with market share growth, while simultaneously securing profitability from a long-dated sovereign position as the Bank ventures into a more challenging 2013.

In the core business, CIB recorded net interest income (NII) of EGP 4,084 million in FY 2012 constituting approximately 75% of its total revenues. Of this figure, approximately 22% came from the sovereign bond portfolio, which grew by nearly 87% during the year. Net income from banking fees and commissions grew by 9% during 2012 to reach EGP 943 million as a result of solid business growth.

Driven by strong NII growth, conservative asset growth and tight expense-control, 2012 saw improvements in all of the Bank's key performance indicators. CIB recorded ROAE of 22.68% up from 22.04% in 2011 despite the impact of the higher equity base that resulted from the marking to market of the available for sale (AFS) bond portfolio. Driven by concern over the macroeconomic situation and further delays in a return to growth, CIB maintained its cautious capital base, reflected in a comfortable capital adequacy level and CBE liquidity ratios.

In 2012, CIB achieved its lowest cost-to-income ratio since 2008, which was primarily driven by NII growth, conservative asset growth and controlled expense growth. CIB had ROAA of 2.45% up from 2.18% in 2011. Net interest margin (NIM) also continued its upward trend to reach 4.74% up 103 basis points (bps) from 2011. NIM was also positively impacted by management's push to raise minimum lending rates and re-pricing floating rate loans to better reflect risk and enhance margins.

Reflecting the prevailing economic conditions, CIB's loan portfolio grew 3.3% from 2011 to reach EGP 44,351 million, with all growth coming from local currency loans. On the back of management's actions to enhance efficiency and improve portfolio quality, CIB's loan market share declined from 8.77% in 2011 to 8.45% as of November 2012. One of management's key goals for 2012 was to significantly restructure the loan portfolio's currency mix in favour of higher yielding local currency loans, which increased by 6.5% from December 2011 to represent 57% of the total loan portfolio, up from 55% in 2011.

CIB increased deposits to reach EGP 78,835 million, up 10.1% from 2011. Several pricing decisions were made throughout the year to manage the pace of deposit gathering and the Bank's cost of funds. The bulk of 2012's incremental deposits came in the form of certificates of deposit, with the remainder coming from saving accounts. Again, CIB was successful in reweighting its balance sheet towards local currency deposits, which reached 61% of the total portfolio (up from 58% in 2011). This achievement is even more impressive when taking into account that the foreign currency portion of the balance sheet was boosted by a 5% devaluation during 2012.

On the competitive landscape, CIB benefitted from the retrenchment of foreign competitors and achieved the fastest year-on-year revenue growth among its closest competitors as of the third quarter of 2012. CIB grew revenues by 34% from 2011 higher than peer banks. CIB's deposit growth of 8.9% outpaced the overall deposit market growth of 8.1%, thus reaching a market share of 7.29% as of November 2012.

Prudent Risk Management

CIB is well-known for its conservative risk management strategy, aiming to take proactive steps at the earliest signs of weakening in accounts before actual downgrades in credit rating become a reality. Building on this track record, CIB took provisions of EGP 610 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

Despite the prevailing economic circumstances, CIB maintained its asset quality and avoided significant deterioration, thanks to its effective credit culture and stringent risk assessment measures. CIB reported a 3.63% NPL ratio in 2012, which is amongst the lowest in the sector with an ample coverage ratio of 120%, further cementing a growth strategy underpinned by an emphasis on maintaining quality standards.

Institutional Banking

CIB is widely considered the traditional institutional banking leader in Egypt. Despite the impact of domestic political and economic disruptions in 2012, net income for Institutional Banking increased 18% from EGP 1.2 billion in 2011 to EGP 1.5 billion in 2012 representing 61% of CIB's total profitability. Management instituted minimum lending rate hikes to increase the profitability and quality of the Bank's loan portfolio.

Consumer Banking

Following the January 25th Revolution, CIB management adopted a more customer-focused strategy. Consumer Banking net income increased by 31% from 2011 to reach EGP 870 million in 2012, accounting for 39% of CIB's total profitability. This growth was largely driven by acquiring LCY deposits of EGP 10.4 billion to serve as a stable funding base.

As part of the Bank's overall strategy to concentrate on alternative channels in order to allow branches to focus more on retail customers and sales activities, CIB succeeded in offloading a greater portion of customer activities from branches to ATMs. In the drive to lower cash handling costs, tough decisions were taken regarding corporate's top teller users that resulted in the reduction of excess cash.

Bancassurance was a key initiative for Consumer Banking in 2012, with revenues of EGP 38 million, an increase of 142% over 2011. Business Banking was another strategic focus for the year, adding EGP 1.8 billion of incremental net sales.

Income Appropriation

CIB's primary objective is to enhance value for both customers and shareholders. The Board of Directors proposed the distribution of a dividend per share of EGP 1.25. CIB is increasing its Legal Reserve balance by 64% (EGP 149 million) from EGP 231 million in 2011 to EGP 380 million in 2012 and its General Reserve balance by 65% (EGP 803 million) from EGP 1,234 million to EGP 2,037 million. This reinforces CIB's solid financial position as reflected in its Basel II Capital Adequacy Ratio of 13.6% (before net profit appropriation).

2012 Achievements

In 2012, CIB for the first time joined the list of top 20 MENA region banks in managing and marketing syndicated loans (ranked 13th) and was among the leading mandated loan arrangers (ranked 18th) according to Bloomberg. This came as CIB arranged for three syndicated loans of USD 645 million and managed two syndicated loans of USD 575 million in addition to participating in syndicated loans of USD 5.15 billion.

In addition to ranking first in market share among Egyptian private-sector banks, CIB was also the only Egyptian bank to succeed in improving its ranking in the MENA region. CIB climbed 20 places from 2011 to 2012, capturing a market share of 3% in managing and marketing syndicated loans, vs. 0.4% in 2011, and rose 35 places among syndicated loan arrangers to capture a market share of 1.6%, vs. 0.5% in 2011.

Subsidiaries

CI Capital experienced its strongest performance in recent years and maintained its third place overall ranking among the top 10 brokerage companies during 2012. CIBC achieved transaction volumes of around EGP 20.7 billion on 503 million transactions covering 2,895 million shares, to capture a market share of 7.1% in 2012. If a single outsized transaction is excluded, CIBC would actually be the brokerage market leader for listed companies. Expense control and a turnaround in brokerage were the key profit drivers for the Group. During 2012, the entire research team was restructured with the hiring of key talent. Additionally, a second managing director and vice president joined Investment Banking in December 2012. It is expected that this new investment in human capital will have a strong impact on 2013 revenues.

Awards and Recognitions

An award-winning 2012 added another chapter to CIB's success story. CIB has continued to receive global acknowledgment awards for the Bank's exceptional performance and reputation, acquiring a total of 12 awards in 2012.

- *Global Finance* magazine acknowledged CIB with four awards; "Best Bank in Egypt" for the 16th time, "Best Sub-Custodian Bank in Egypt" for the fourth consecutive year, "Best Foreign Exchange Provider Bank in Egypt" for the ninth year and "Best Trade Finance Bank in Egypt" for the sixth year.
- *EMEA Finance* recognized CIB as "Best Local Bank" for the fifth consecutive year and "Best Asset Manager in Egypt" for the second consecutive year.
- CIB was *Global Investor ISF*'s "Best Asset Manager in Egypt" for the third consecutive year as well as the "Best FX Provider in the Middle East" for the second time.
- The Remittances Department was awarded the "Quality Recognition Award for Outstanding Achievement – Best-in-Class Book Transfer Rate" by JP Morgan.
- *Global Trade Review* acknowledged CIB as the "Best Trade Finance Bank in Egypt" for the fourth consecutive year.
- In addition, CIB earned the "STP awards for 2012 in USD and EUR."

Corporate Governance

We believe that good governance is a cornerstone of our success at CIB and we are proud of CIB's leadership position in board governance. The Board remains committed to continuous improvement where we regularly review and update our practices.

The overall corporate governance framework of CIB is directed by the Board and its sub-committees: Audit Committee, Corporate Governance and Compensation Committee, Risk Committee, Management Committee, High Lending and Investment Committee.

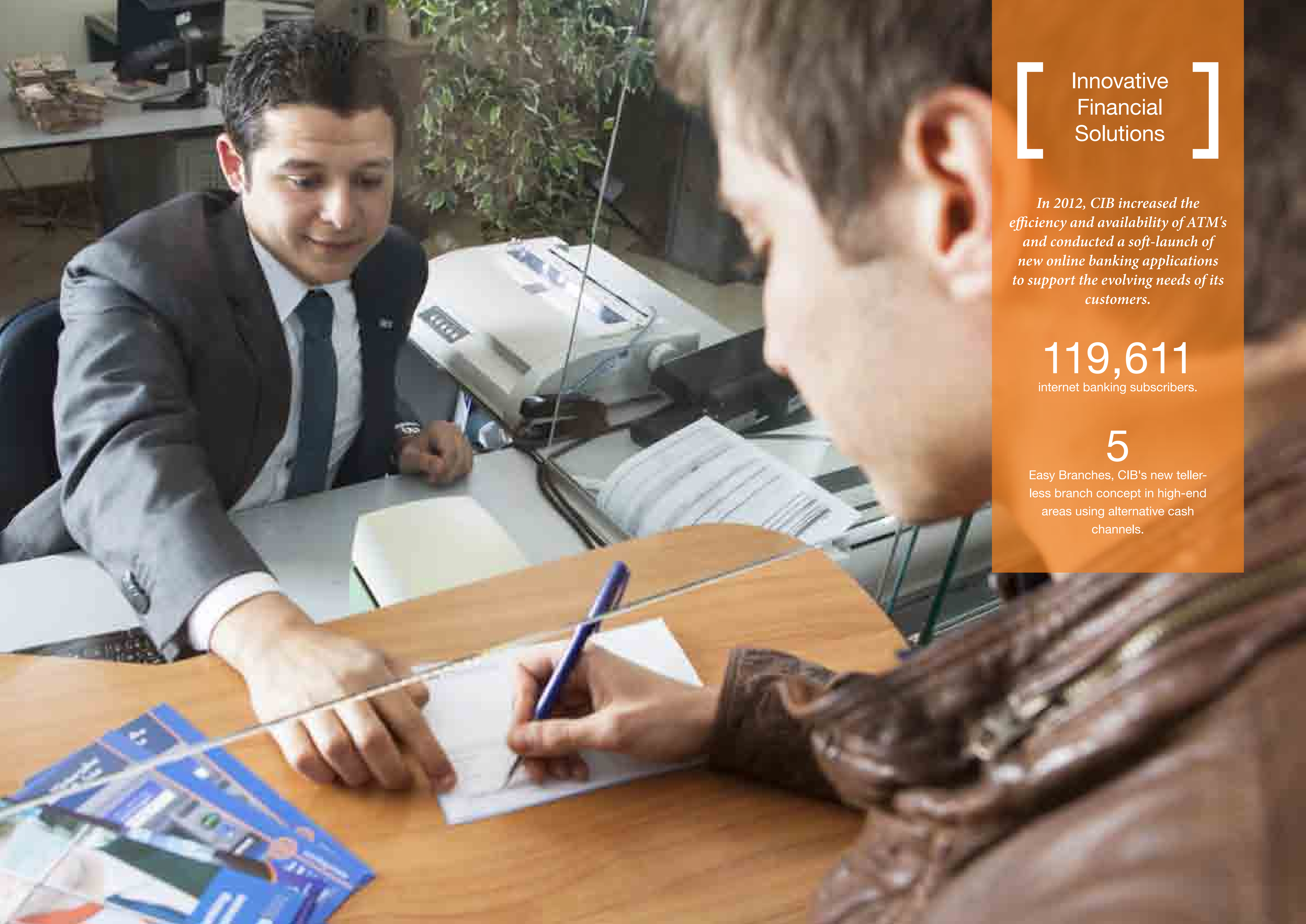
The Board and its committees are governed by well-defined charters and are tasked with assisting directors in fulfilling their responsibilities and obligations with respect to their decision-making roles.

Such task is further facilitated by the wide array of established internal policies and manuals covering all business aspects such as credit and investment, operational procedures, staff hiring and promotion.

CIB's Board consists of nine members, seven of which are non-executive members with a wide range of industry expertise. CIB's Board met six times over the course of 2012. 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 and fully transparent corporate governance standards. The Board fulfils 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 on-going activities of the Bank, taking into account the interests of all stakeholders.
- Establishes an internal control environment, which comprises systems, policies, procedures and processes that are in compliance with regulatory requirements. These control measures safeguard Bank assets and limit risks as the Board, management and other employees work to achieve the Bank's objectives.
- Ensures that senior management implements policies to identify, prevent, manage and disclose potential conflicts of interest. The Board also oversees the performance of the Bank, its managing director, chief executive officers and senior management to ensure that Bank affairs are conducted in an ethical and moral manner and in alignment with Board policies.
- Reviews and approves material related to disclosure and transparency documents as may be required to conform with regulatory requirements or as may be determined by the Board from time to time.
- Oversees a code of conduct to govern the behavior of directors, officers and

In 2012 CIB was ranked 13th on Bloomberg's list of top 20 MENA banks in managing and marketing syndicated loans and 18th on the list of mandated loan arrangers.



[Innovative Financial Solutions]

In 2012, CIB increased the efficiency and availability of ATM's and conducted a soft-launch of new online banking applications to support the evolving needs of its customers.

119,611
internet banking subscribers.

5
Easy Branches, CIB's new teller-less branch concept in high-end areas using alternative cash channels.

employees through an independent Compliance function reporting directly to the Audit Committee.

- The Code of Conduct sets CIB's 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 promotes a culture of transparency, encourages a whistle-blowing environment and provides protection to the whistle-blower.

The Central Bank of Egypt's auditors and controllers conduct regular audit assignments 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 perform their audits. CIB's internal audit team closely follows up with the Bank's management to take all corrective measures with regards to CBE's audit comments.

Moreover, given the utmost attention to maintaining the highest levels of corporate governance, CIB's investor relations team is committed to consistently sharing high quality information with all stakeholders regarding the Bank's activities with emphasis on transparency.

Operations Platform with International Standards

The year 2012 was extremely exciting for the COO Area, which continued with its efforts to implement its agenda for improvement and standardization. All departments worked on a number of activities during the year. Substantial progress was made in Finance, HR, Premises, Operations, Marketing and Corporate Services. The progress provides a framework for our strategy in 2013 and beyond.

The COO Area continued to focus on the enhancement of customer experience as one of the Bank's key objectives in multiple areas including the branding of branches and providing service and quality measurement tools across the network. In addition, the COO Area focused on aspects of Human Capital Management, staff-development through effective training, enhancing performance management and applying employee engagement initiatives.

Innovative Financial Solutions

During 2012, CIB Operations Group managed not only to sustain its high level of productivity and efficiency, but also took further steps towards being a proactive business partner. Multiple initiatives were undertaken to improve customer experience. These included launching non-negotiable standards, CIB Way and key service indicators, as well as standardizing multiple operation procedures and customer forms to provide a consistent, smooth experience for our customers. Standard processing times were also set in place for productivity enhancement. To support GTS customer transactions, an additional 12 service hubs were added to our branch network along with a dedicated GTS operations unit. Improving the efficiency of alternate channels was also a key development during this year. In 2012, CIB increased the efficiency and availability of ATM's and conducted a soft-launch of a new online banking application to support customers' evolving needs.

Our commitment to the country in which we live and operate is an integral part of our business culture.

The new Bank-wide "Cross Selling" initiative was off to a solid start, with Consumer Banking staff making 650 referrals to Institutional Banking and IB staff referring 547 transactions to CB as of December 2012.

CIB Premises Projects Department also undertook a number of key strategic initiatives that positively impacted the Bank's external and internal customers in 2012. One of these initiatives was the "Easy Branch" concept, a teller-less branch model located in high-end premises mainly focusing on sales and using alternative cash channels. Five Easy Branches were opened in up-market residential areas by December 2012. CIB also expanded its distribution network, establishing 12 new branches, as well as enhancing its image and customer experience through the renovation of more than 10 branches and 40 wealth lounges with the new 'wealth' image.

Focus on People

CIB's HR strategy for 2012 was to remain focused on the Bank's employees, working to increase both productivity and motivation. With this in mind, a number of initiatives and projects were put in place. Through the "Focus on People" framework, CIB has demonstrated leadership and expertise in attracting top talent while promoting a highly engaged and motivating work environment.

Recruitment

During 2012, CIB continued to hire different levels of staff in various areas of the Bank, despite the country's political and economic situation. In total, 559 new employees were hired in 2012, compared with 295 new hires in 2011. Seventy per cent of all new hires in 2012 headed to Consumer Banking and branches. Moreover, the Recruitment Department participated in several career fairs and campus visits, aiming to attract the country's best talent from its top universities.

We have continued to seek the right prospects and to attract talent from top schools. CIB participated in the Harvard Business School MENA conference and annual Employment Fair for the second year in a row. This participation has been with a view towards branding CIB as an employer of choice for Egyptian students studying at top-tier universities. CIB is sought as an attractive employer in Egypt for its valuable learning experience, modern culture, sustainability and leadership. Eleven Egyptian candidates have been identified during the event and showed an interest in joining CIB. The department also played a significant role in selecting the 60 interns who joined our new Summer Internship Program, which aims to attract the best candidates from the best universities to join the CIB team.

On the corporate side, CIB ran its second Employee Engagement Survey through Hay Group. About 80% of staff responded and provided feedback with their impressions of the work environment. Survey findings showed a remarkably positive improvement over 2011 results. Presentations of the new findings have taken place with highlights on areas of opportunity.

Training

In terms of training, 2012 moved in a more strategic direction in providing training to staff. Our Management Training Programs were once again a great success. Training became more targeted by concentrating on key areas. New programs were introduced. Some of the programs were conducted by external vendors while others were developed in-house and conducted by our own trainers.

In 2012, the Training Department's focus was to identify gaps in the knowledge and skills of staff and to deliver the appropriate educational courses to bridge these gaps. To achieve this objective, the Training Department worked on a plan to provide educational programs related to technical, management and business skills. Our highlight for the year was the number of programs that were developed and delivered by senior staff to enhance overall banking knowledge across all levels. A total of 4,500 staff members attended the different programs.

A total of 49 participants from various areas in Consumer Banking and Operations enrolled in the Leadership and Development Program for Consumer Banking (LDP). The Leadership and Management Program for Senior Officers — which aims to create a sense of synergy and a unified vision for all senior management within CIB — continued this year as well, with fifty participants attending and successfully completing the program. Also in 2012, our Credit Course was revamped by external consultants and upgraded with new case studies and updated course material. Some of the new programs that were introduced this year included: Wealth Management, Supervisory Skills and a number of middle management programs.

Some of the activities also included providing specialized training for Wealth Managers, Road to Management for first time supervisors, Middle Management training, Finance for Line Managers, Advanced Consumer Risk, Advanced Sales Management, Product Knowledge, and specialized programs in Operations. These programs, as well as training programs on soft skills like communication skills, presentation skills and advanced negotiation skills, provided a vast array of training opportunities to select from.

These efforts were recognized by staff and management and evident in the Employee Engagement Survey which showed a marked improvement as compared to 2011. We look forward to a more exciting 2013 as we introduce more programs such as the Basic Banking Program for new hires, Job-Family-based series of training programs, and targeted technical training programs.

Organizational Development

In order to increase employee interaction and ensure their voices are heard, HR administered several initiatives to maintain communication with employees, including the Employee Engagement Survey, the Salary Surveys and various Town Hall meetings. Salary Surveys were conducted to assess compensation and benefits across the market, with more emphasis on critical / executive positions to ensure that the Bank is aligned with current market levels.

The Standardization of Job Families initiative was also launched to ensure employees have a clear understanding of their roles in achieving the Bank's strategy and mission.

Corporate Social Responsibility

Our commitment to the country in which we live and operate is an integral part of our business culture. Contributing to our country's prosperity and welfare has always been among CIB's top priorities. CIB always works on translating its social responsibility commitments into actions. We are immensely proud of supporting Egypt during these turbulent times and are proud of the broad impact that our time, effort and resources have had on our community.

CIB Foundation

Now in its third year of operations, the CIB Foundation has successfully experienced exponential growth in its activities. Following the success of the CIB Foundation in 2011, CIB shareholders generously agreed to increase the percentage of CIB's net annual profit to the Foundation from 1% to 1.5%. This translated into more than EGP 26 million being allocated to the CIB Foundation in 2012. It is with this funding that the CIB Foundation is making valuable contributions in the areas of child health and nutrition through various multi-faceted initiatives, including renovating and upgrading hospital infrastructure, purchasing medical equipment for hospitals and providing surgical and medicinal treatment to underprivileged children.

Additionally, the CIB Foundation actively supports its initiatives with contributions made to its dedicated fund raising account. Fully 100% of the donations made to the account go towards the implementation of development projects for children. Through the coordinated efforts of both CIB Foundation staff and dedicated CIB volunteers, the Foundation ensures its resources are spent efficiently and reach the greatest number of beneficiaries.

In January 2012 the Foundation fulfilled its annual commitment to the Children's Cancer Hospital 57357. This donation is part of a five-year partnership that began in 2009 in which the hospital receives EGP 2 million in funding per year to be used for general operational purposes.

Numerous CIB volunteers also participated in two events sponsored by the Children's Cancer Hospital 57357, including the hospital's five-year anniversary where volunteers distributed gifts to visiting cancer survivors and current hospital patients, as well as the third annual Terry Fox Run in Egypt, supporting children's cancer research at the hospital.

The Magdi Yacoub Heart Foundation (MYHF) 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 new-born to 16 years free of charge. The CIB Foundation's donation covered the costs associated with the Unit's medical and non-medical equipment. The PICU had a soft opening in November 2012, and is expected to celebrate its grand opening in the first half of 2013. In August 2012, the CIB Foundation allocated EGP 2 million to MYHF for the full sponsorship of the children's playroom in Building 2 of the Aswan Heart Centre. In the same month, EGP 6 million was allocated to MYHF to cover the costs associated with 100 children's open-heart surgeries. The donation is being disbursed in two equal tranches, with the first tranche of EGP 3 million distributed in September 2012.

Moreover, in August 2012, an EGP 2 million Cooperation Agreement was signed with the Friends of Abou El Reesh Children's Hospitals Organization to cover the annual operating expenses of the new ICU. The annual donation will be used to support staff salaries and incentives, medical and administrative supplies, infection control and for the provision of computers and other ICU equipment.

This was not the only donation to the Friends of Abou El Reesh Children's Hospitals Organization: In 2011, the Friends of Abou El Reesh Children's Hospitals Organization turned to the CIB Foundation for support in renovating El Mounira Hospital's Blood Clinic. The CIB Foundation's EGP 800,000 donation was used to upgrade the roughly 700-square-meter Blood Clinic by restructuring it to streamline movement, prevent overcrowding, provide adequate space for beds and chairs for blood transfusions as well as providing a waiting area for family members. The donation also covered the costs of additional computers to develop an electronic patient database and supporting blood donation campaigns to offset the current supply deficit across Egypt. The renovated Blood Clinic opened its doors in January 2013.

Through the Rotary Kasr El Nile organization, the CIB Foundation committed EGP 1.5 million to fund 1,000 eye surgeries for children through the Children's Right to Sight (CRTS) program. Operational for the past six years, CRTS is dedicated to eradicating blindness by supporting children and infants requiring immediate eye surgery. Through partnerships with the El Nour Eye Hospital in Mohandiseen and the Eye Care Hospital in Maadi, the CRTS team will oversee 1,000 cataract and glaucoma operations for underprivileged children. The CIB Foundation and CIB staff are proud to partner and volunteer with Rotary Kasr El Nile on this project. Payment for the first round of surgeries was completed in November 2012.

In 2012, the CIB Foundation reaffirmed its partnership with the Gozour Foundation for Development, the non-governmental arm of the Centre for Development Services (CDS). In August 2012, the Foundation donated EGP 478,170 to fund 10 eye exam caravans for public elementary schools in Cairo, Alexandria and Minya through the 6/6 Eye Exam Caravan Program. Through a partnership with the Alnoor Magrabi Foundation, the caravans are designed to provide public school students with eye exams, eyeglass frames and lenses, eye medication and in-depth eye exams at private hospitals for complex cases. Each caravan is fully equipped with eye exam machines; 15-20 doctors, nurses and coordinators; a fully equipped pharmacy; and an eyeglasses shop. Each one-day caravan targeted 450 children, with a total of 4,500 children receiving free eye exams and care by the end of the project.

The project also presented valuable opportunities to volunteers from the CIB family to engage with the local community and spend quality time with the less privileged. Volunteers from head offices, regional offices and branches across the three governorates actively participated in the program.

In December 2012, 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, as well as training the nurses and doctors working in these units. The CIB Foundation strongly believes in ensuring the sustainability of its projects, and believes that supporting the Yahiya Arafa Foundation in its operations will ensure the smooth running of the previously supported units. The donation will be used to cover human resources, equipment maintenance, operating costs and academic research.

In line with CIB and the CIB Foundation's commitment to community development and fostering quality in educational opportunities in post-revolution Egypt the CIB Foundation established the 'CIB Foundation Fellowship for Science and Technology' at Zewail University. In the first phase of this partnership with the Zewail City of Science and Technology, the CIB Foundation Fellowship will support 50 Egyptian public school graduates pursuing degrees in the sciences and engineering, at a total cost of roughly EGP 5 million.

Going forward, the CIB Foundation seeks to continue its commitment to enhancing health services for underprivileged children in Egypt, supporting mega projects in the health sector and providing world-class educational opportunities. The Foundation also seeks to expand its volunteer activities and more actively involve CIB employees in its community development projects.

Social Development

Throughout its history, CIB has been committed to engaging all its stakeholders in a sustainable and responsible manner. CIB is one of the most active

CIB's highly engaging and motivational environment continues to attract top talent

Key Figures from 2012

Balance Sheet (in EGP billions)

a. Standalone CIB

	Balance as of 31/12/2012	Balance as of 31/12/2011	% Change
Total Assets	94.4	85.6	10.28%
Contingent Liabilities and Commitments	14.9	12.6	18.24%
Loans and Advances to Banks and Customers	41.9	41.1	1.95%
Investments	27.8	17.1	62.44%
Treasury Bills and Other Governmental Notes	8.0	9.2	-13.28%
Due to Customers	78.8	71.6	10.06%
Other Provisions	0.3	0.3	17.36%
Total Equity	11.3	8.9	26.97%

b. Consolidated CIB and CI-CH

	Balance as of 31/12/2012	Balance as of 31/12/2011	% Change
Total Assets	94.0	85.5	9.96%
Contingent Liabilities and Commitments	14.9	12.6	18.24%
Loans and Advances to Banks and Customers	41.9	41.1	1.98%
Investments	27.2	16.4	65.92%
Treasury Bills and Other Governmental Notes	8.0	9.3	-13.80%
Due to Customers	78.7	71.5	10.07%
Other Provisions	0.3	0.3	16.24%
Total Equity	10.8	8.7	24.39%

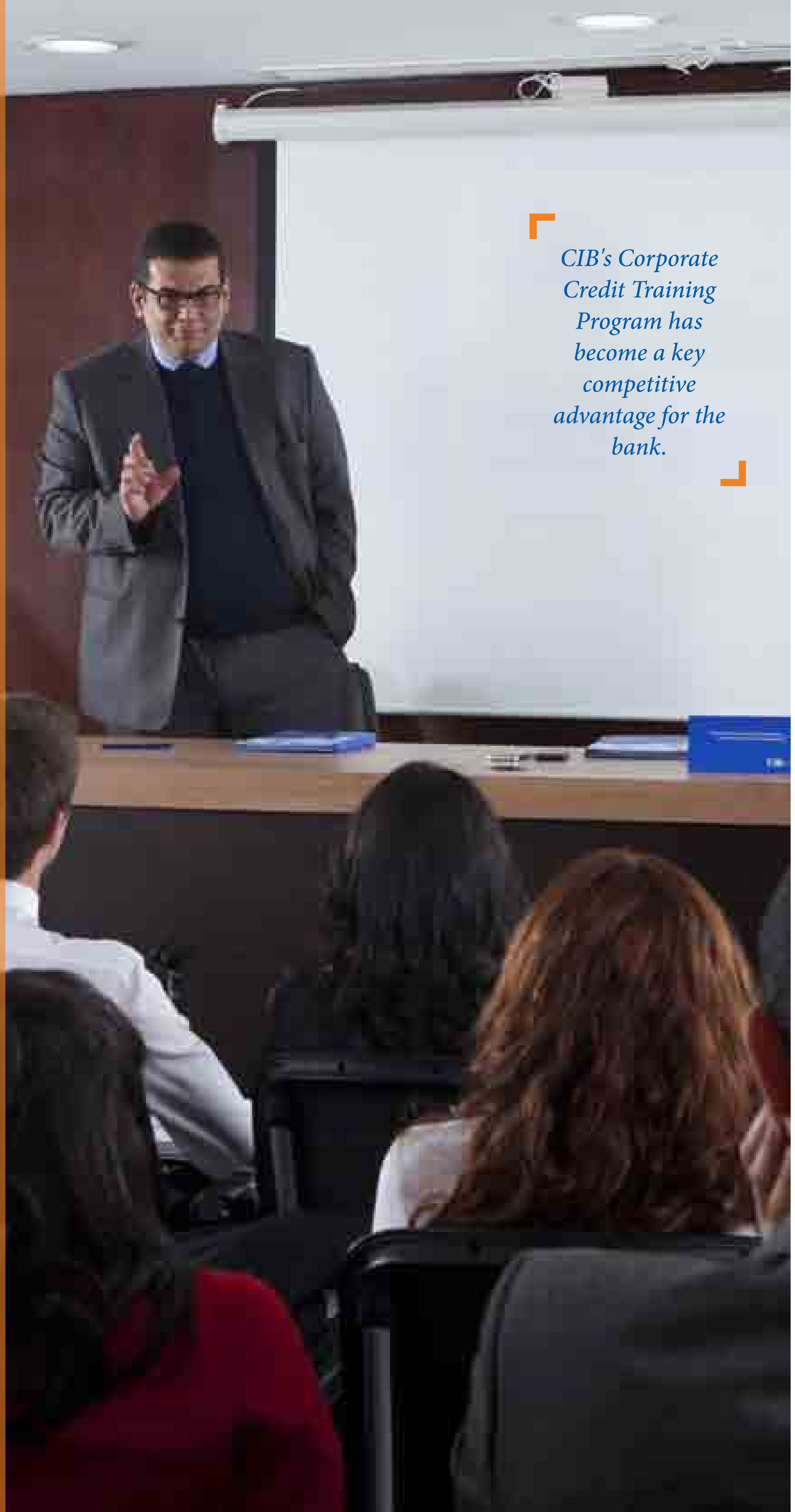
Income Statement (in EGP millions)

a. Standalone CIB

	Jan.1, 2012 to Dec.31, 2012	Jan.1, 2011 to Dec.31, 2011	% Change
Interest and Similar Income	7,846	5,459	43.72%
Interest and Similar Expense	-3,945	-2,781	41.86%
Net Income from Fee and Commission	836	778	7.37%
Net Profit After Tax	2,203	1,749	25.94%

b. Consolidated CIB and CI-CH

	Jan.1, 2012 to Dec.31, 2012	Jan.1, 2011 to Dec.31, 2011	% Change
Interest and Similar Income	7,859	5,471	43.65%
Interest and Similar Expense	-3,946	-2,781	41.88%
Net Income from Fee and Commission	926	843	9.85%
Net Profit After Tax	2,227	1,614	37.98%
Net Profit After Tax and Minority Interest	2,226	1,615	37.84%



CIB's Corporate Credit Training Program has become a key competitive advantage for the bank.

financial institutions to support the community via a clear Corporate Social Responsibility (CSR) strategy.

In the last year, CIB focused on developing aspects of society that will ultimately lead to the betterment of our community. These aspects include human, child, health and economic development.

Originating from a conviction that education is key to a sustainable society and that the quality of education tremendously impacts a community, the Bank supports several educational institutions via charitable donations and event sponsorship. Sponsoring programs that aim to build tomorrow's national leaders such as Enactus (formerly Students In Free Enterprise - SIFE) and its one-day National Competition — where an array of teams from Egypt's most prominent universities compete for a chance to represent Egypt at the annual Enactus World Cup — will unquestionably improve Egypt's future by creating new leaders, who will promote further solutions and sustainable improvements to the living standards of disadvantaged communities.

Moreover, CIB's ongoing support of environmental initiatives was augmented last year with the implementation of the CIB Going Green Program at our head offices. The program aims to encourage environmentally friendly attitudes among CIB employees by promoting awareness on how to save paper, water, electricity and other consumables while encouraging positive changes in employees' habits. Our conservation efforts this year also included the introduction of energy-saving lights and water-flow restrictors. Additionally, our Going Green drive in 2012 saw the introduction of an initiative at our Smart Village premises ensuring that all corporate branding displays are printed with eco-friendly ink along with all façade exhibits at CIB branches. CIB is also working on instigating various other sustainability initiatives based on its continued commitment to environmentally-aware practices.

Furthermore, the Bank is honored to have supported local artists over the years as part of its CSR focus on the promotion of arts and culture. In 2012 CIB collaborated with the Fine Arts Division at the Egyptian Ministry of Culture to endorse a new generation of young, talented artists. In this effort, a national art competition was organized to exhibit a collection of their artworks under the patronage of CIB. Inspired by the artwork in the competition, a book entitled "Egypt the Promise, Edition 2" was designed and published by CIB to commemorate the event. Further CIB support for the Arts during the year came through the Bank's sponsorship of the Egyptian Philharmonic Society to back Egyptian musicians performing classical music.

The Bank also continued its efforts to boost community health campaigns by collaborating with the Children's Cancer Hospital 57357 and the Canadian Embassy. Volunteers from the Bank participated in the four kilometer Terry Fox Run around the AUC campus. All proceeds from the event went towards children's cancer research at the 57357 Hospital. Additionally, CIB has been taking part in blood donation programs to help meet blood transfusion needs in Egypt. In a continuation of this effort, and under the supervision of the Ministry of Health, CIB conducted a three-day blood donation campaign earlier this year at a number of its branches around Egypt to encourage staff members to donate.

2012 Review

Institutional Banking

Corporate Banking Group

Known across the Egyptian market for its strong credit culture, the Corporate Banking Group is CIB's financing and underwriting arm that provides best-in-class financial structures and advisory services to its clients. The Group caters to the financing needs of large companies with annual sales figures above EGP 150 million. Yet, realizing the important role of medium size companies in the Egyptian economy, the Group has also, over the past few years, broadened its scope to include services for these companies.

The Corporate Banking Group's foremost goal is closely aligned to advancing the nation's economic development. Accordingly, it is committed to closely monitoring the performance of the projects and economic entities that CIB finances to ensure their viability. The Group believes that economic viability on the micro level is certain to contribute to — and promote — macroeconomic welfare. The Group's mission is to enhance its position as the top corporate bank in the Egyptian market, while maximizing value for its shareholders, employees and the community.

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, but not limited to: Oil and Gas, Power, Petrochemicals, Infrastructure, Food and Agribusiness, Tourism, Shipping and Ports, and Real Estate.
- Ability to provide a wide and innovative array of financing schemes.
- Expanded scope of corporate banking to include companies with sales revenues above EGP 50 million, creating potential future growth opportunities for the Group.

2012 Key Achievements

- Continued to be the primary contributor to CIB's bottom line profitability, generating almost 70% of the Institutional Banking Group's profits.
- Increased Group cross-selling activities to enhance CIB's share of wallet to reach 23% in 2012.
- Helped alleviate the effects of adverse market conditions by expanding local currency lending to clients, giving special attention to working capital finance.
- Introduced more innovative distribution channels to its customer base, such as e-banking, with 50% of corporate clients now using CIB's online services.

The Debt Capital Markets team continues to play a unique role in the local market by structuring and placing complex securitization structures.

In 2013, CIB's Corporate Banking Group will pursue the following objectives:

- Increase focus on cross-selling activities to capture new business and expand CIB's market share.
- Expand CIB's loan portfolio with emphasis on financing mid-cap projects.
- Grow trade business services in order to enhance the Bank's fee income stream.
- Promote uptake of the e-trade platform and CIB's online portals to cover 70% of our corporate client base.
- Enhance the Business Enhancement Unit to better service corporate and mid-cap clients.
- Roll-out the electronic credit approval system (e-Cam).

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 loans, bond issues and securitization transactions, all of which are supported by a dedicated agency desk.

Despite continued turbulence witnessed across the market in 2012, the Debt Capital Markets team successfully executed five prime deals worth more than EGP 12.4 billion — up from EGP 10 billion worth of deals in 2011 — while also focusing on restructuring and refinancing existing deals. The 2012 financing deals were primarily in Petrochemicals, Oil and Gas, Telecommunications and Real Estate. 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 has also laid the foundation for future income generation with a pipeline of deals totaling EGP 38.4 billion.

The Debt Capital Markets team also continues to play a unique role in the local market by structuring and placing complex securitization structures. In 2012, the division structured and placed the only local securitization deal for non-bank financial institutions in the market, with a total issue size of EGP 158 million, while working on another mandated transaction worth EGP 3.2 billion that is expected to close in 2013.

As an ongoing strategy, Debt Capital Markets aims to:

- Continue playing a vital role in economic development by mobilizing

CIB is Egypt's leading institutional bank

Net income for Institutional Banking increased 18% to EGP 1.5 billion in 2012, representing 61% of CIB's total profitability.

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 programs.
- 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.

Financial Institutions Group

The Financial Institutions Group offers a variety of quality products and services through three divisions, including the Correspondent Banking Division (CBD), Non-Banking Financial Institutions Division (NBFI) and Finance Programs & International Donor Funds Division (FP & IDF).

Correspondent Banking Division (CBD)

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.
- Attracting trade business and handling related negotiations.
- Marketing and cross-selling CIB products.
- Acting as liaison for solving problems (if any) between banks worldwide and CIB's departments in order to facilitate and improve workflow.
- Offering support and new solutions to CIB clients through strategic alliances with various correspondents under trade finance and cash services.
- Supporting other departments through our role as Relationship Officers for banks.
- Searching for new business opportunities.

2012 Achievements:

- Achieved higher trade finance volumes.
- Explored new markets in Asia, Africa and Latin America.
- Maintained a well-diversified forfeiting portfolio and continued expanding risk participations on both direct and contingent business.

2013 Strategy:

- Continue to shift focus from West to East (China, India, S. Korea and Turkey).
- Maintain a focus on Egypt.
- Consolidate and sustain our key relationships in the West.
- Introduce new revenue-generating products and expand our coverage into new markets.
- Identify new quality bank relationships.
- Minimize / rationalize exposure to PIIGS (Portugal, Italy, Ireland, Greece and Spain)

Non-Banking Financial Institutions Division (NBFI)

NBFI is a credit-lending division under the Financial Institutions Group. It provides credit facilities, liability products and services to all types of non-bank financial institutions.

Targeted clients include leasing, insurance, securities brokerage, car finance, factoring and investment companies.

Activities:

- Identifying customer needs and associating such needs with relevant facilities such as: short-term lending, long-term lending, contingent business, securitization transactions, etc.
- Focusing on key market players with relatively moderate risk.

Operating Strategy:

- Regular contacts with existing and potential customers.
- Stay updated with customers' business needs.

People:

- Continuously invest in training for team members.
- Maintain a strong database to stay updated with market trends and potential customers.

2012 Achievements:

- Succeeded in controlling and maintaining portfolio risk at moderate levels and managed an effective collection of loan portfolio payments through the application of a well-controlled credit policy.
- Grew its loan portfolio compared to 2011 despite market volatility and instability resulting from political conditions.
- Established new limits for existing credit insurance companies and targeted new accounts to accommodate contingent business targeted in 2013.

2013 Strategy:

- Maintaining our market share with existing relationships while targeting growth in auto finance and insurance.
- Focus on the liability side through an aggressive marketing plan for the Bank's attractive liability products.
- Reinforce our cross-selling strategy to provide our customer base with global banking services through CIB's innovative product mix.

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

The Finance Programs and International Donor Funds (FP & IDF) Division manages development funds and credit lines provided by governmental entities and international agencies, as well as managing CIB's microfinance portfolio. The Division is also engaged in environmental friendly projects designed for the preservation of natural resources.

Main Functions

- Agency Function: Handles the agency function for several funds, grants, and credit lines, by providing tailored operational mechanisms and prudent investment and fund promotion.
- Participating Bank Function: A participating function in special programs that give CIB a competitive advantage among its peer group.
- Microfinance Business: Manages CIB's direct microfinance portfolio through a microfinance service company and indirect microfinance portfolio by lending to NGOs (Non-Governmental Organizations).

2012 Achievements:

- Agency Function: Despite prevailing economic conditions, FP & IDF succeeded in maintaining its lead position as an Agent bank in the market.
- Participating Function: Preferential credit funds of around EGP 60 million were provided to CIB customers for agriculture as well as pollution abatement.
- Loan Contract: A loan contract amounting to EGP 100 million supporting the poultry sector was signed with the Social Fund for Development (SFD).
- Microfinance: CIB's microfinance portfolio, disbursed through a service company and partially financed by the Spanish government, approached EGP 100 million.
- Cross Selling: The Division contributed to cross-selling CIB's various retail products, including credit cards, consumer loans, etc.

2013 Strategy:

- Maintain our lead position as an Agent bank dominating donor funds.
- Attract funds and participate in programs.
- Increase CIB's microfinance market share.

Direct Investment Group (DIG)

"A Local Partner with International Standards"

Business Profile:

The Direct Investment Group is CIB's investment arm, introducing equity finance as an additional solution to existing and 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, whereby the investment process is governed by a clear and strict set of parameters and guidelines.

Our primary objectives encompass generating attractive, risk-adjusted financial returns for our institution through dividend income and capital appreciation, as well as enabling CIB to offer a broad spectrum of funding alternatives to support clients' growth.

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

Highlights and Accomplishments:

Direct Investment activities in Egypt experienced another challenging year in 2012. Political instability and a high degree of uncertainty were reflected in an overall modest economic performance and a reduced investor appetite. Yet, DIG believes such market conditions create opportunities for local investors to reshuffle their portfolios and add quality assets at reduced prices. Throughout the year, DIG remained supportive of its portfolio companies in order to maintain their market positions and to preserve solid balance sheets. The following represent major accomplishments for 2012:

CIB's 2013 strategy will see the bank introduce new revenue generating products and expand coverage into new markets.

- On the portfolio management front, DIG provided additional growth capital to three of its subsidiary companies. DIG also remained very supportive of its remaining portfolio companies through active participation at the Board of Directors level. As always, DIG maintained ongoing dialogue and provided consistent professional advice to portfolio companies' management teams.
- Based on a solid pipeline of potential investments, DIG assessed the acquisition of a number of lucrative and sizable investment opportunities. Final agreements related to one sizable investment were signed in December, with deployment of funds expected to occur in January, 2013.
- DIG successfully exited one of its portfolio companies and finalized the terms of exit from another portfolio company, generating returns for CIB.

Strategy Going Forward:

DIG plans to continue providing support to existing portfolio companies. Despite the prevailing restrained investment environment, DIG remains positive on the long-term outlook based on a true belief in Egypt's solid fundamentals. Accordingly, DIG plans to pursue growth in defensive sectors showing relative resilience to economic instability.

Strategic Relations Group (SRG)

Catering to approximately 70 of the world's leading donor and development agencies, as well as the majority of their sovereign diplomatic missions, the Strategic Relations Group is a unique function amongst its peers in the banking industry. SRG is a small "focus group" of professionals dedicated to bridging the gaps between CIB's streamlined services and the distinct expectations of its clients. SRG's high-quality, individualized bouquet of services extends beyond standard banking to include innovative, tailor-made products and services designed to accommodate the unique business and operational needs of these institutional clients.

During 2012, SRG's client base was expanded beyond CIB's prime institutional depositors, which constitute a substantial portion of CIB's stable funding. Through its "Japan Desk" initiative, SRG was able to attract substantial new FDI from major Japanese corporations and channel it to other areas of the Bank, namely Corporate Banking and Trade Finance.

CIB remains committed to fostering these relationships by continuing to

render support to and sponsorship of SRG to ensure client satisfaction, as well as shareholder value.

Treasury & Capital Markets (TCM)

CIB's Treasury & Capital Markets 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 cover 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 displays rates of our main currencies. TCM promptly accommodates customer requests to help clients avoid market fluctuations.

2012 Performance

In 2012, TCM witnessed a notable increase in the volume of foreign exchange transactions from third counterparty trading. Third counterparty trading is a tool offered by CIB where importers pay their suppliers in the original country of the unconventional currency. Consumers and retailers use third counterparty trading if they need to transfer an unconventional currency to their foreign bank account – e.g., Chinese yuan to their local bank in China.

The TCM team provides the Bank's clients with an incomparable quality of service around the clock including Fridays and holidays.

Asset and Liability Management (ALM)

Part of the Treasury Group, the Asset and Liability Management Department is responsible for managing the Bank's liquidity and interest rate risk within external and internal parameters, while complying with the Central Bank of Egypt's (CBE) regulatory ratios and guidelines. The department is also responsible for managing the Bank's Nostro accounts, overseeing its proprietary book and setting loan and deposit prices. ALM's main objectives are liquidity management, maximizing profitability and product development.

2012 Performance

Despite unfavorable market conditions prevailing post-revolution — as well as volatility in international markets — ALM was able to preserve its sound liquidity and interest rate levels. This allowed the department to seize market opportunities in order to enhance the Bank's net interest income and net interest margin, all while maintaining healthy regulatory ratios as well as internal and Basel III measures. ALM actively encouraged and participated in aggressive deposit-gathering measures, which resulted in the growth of the Bank's total deposit base. Additionally, the Bank's loan portfolio experienced major growth during 2012.

2013 Strategy

Looking forward to 2013, turbulence in both the local and global economic environments is expected to continue in the near term. Accordingly, ALM's strategic initiatives will continue to include prudent and sound management of liquidity and interest rates through the diversification of funding options and investments, as well as through the introduction of new products. Further initiatives will include enhancing the Bank's performance and capital management framework.

Global Transaction Services Group (GTS)

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 Global Transaction Services Group within CIB has been formed to ensure that the ever-changing technological demands of our clients are addressed efficiently. Accordingly, the Group has a mandate to introduce new channels and products to Corporate and Business Banking clients.

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

The Group's primary objectives are to facilitate and minimize the turnaround time for executing transactions, as well as providing transparency, efficiency and value-added services to 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. These objectives include not only the enhancement of existing products or the development of new ones, but also focus 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 offering standardized trade service products (LCs, LGs, IDCs, etc.), as well as non-conventional trade finance solutions including forfeiting and structured trade finance. CIB also offers a range of channels through which clients can submit applications and associated documents, including dedicated trade hubs and an innovative online trade channel, CIB Trade Online.

Cash Management & Payments

CIB provides both standardized and tailored cash management products and solutions that improve the management of incoming and outgoing payments, as well as streamlining reconciliation and information management, and enhancing 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 through a variety of channels including new online banking channels, CIB Cash Online and eACH.

Global Securities Services (GSS)

CIB Global Securities Services is a market-leading and award-winning sub-custodian bank, offering 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.

2012 Performance

Launched 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 turnaround 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.

Achievements:

- The total number of CIB Trade Online subscribers jumped 159% Y-o-Y in December 2012.
- The total number of CIB Trade Online transactions jumped 319% Y-o-Y in December 2012.
- The percentage of total Bank transactions made through CIB Trade Online jumped to 12% in December 2012, from 3% in December 2011.

Introduced Dedicated Trade Hubs:

CIB's dedicated Trade Hubs are trade finance centers of excellence in select high transaction volume zones for clients preferring to use branches for their primary dealings with the Bank, rather than an online channel. These dedicated Trade Hubs are specifically designed to provide accelerated turnaround times on trade finance transactions and to ensure a high level of service by employing well-trained trade specialists to execute client transactions.

Achievements:

- The total number of Trade Hubs in December 2012 was 25, up 92% from 13 in December 2011.
- The percentage of total bank transactions made through Trade Hubs jumped to 68% in December 2012, from 39% in December 2011.
- The percentage of total bank transactions made through CIB Trade Online and Trade Hubs combined amounted to 80% in December 2012.

Launched 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 conduct transactions and communicate securely with the Bank.

Achievements:

- The percentage of total bank transactions made through CIB Cash Online reached 15.81% YTD in 2012.
- 53% of corporate clients are now using CIB Cash Online.
- Successfully launched CIB Cash Online phase II with more than 10 new features.

Launched CIB eACH

CIB eACH is a market-leading payment product and the first of its kind in the Egyptian market. 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 and through ACH Direct Debit transactions.

Achievements:

- First bank in Egypt to launch the ACH Direct Debit corporate portal.

New Corporate Ad-hoc Online Reports

CIB launched two new Corporate Online reports provided for corporate clients for better transparency and enhanced cash management:

- Corporate Integrated Post Dated Checks report.
- Corporate Cash Collection report.

Launched GTS Operations

The GTS Operations unit was launched under the Centralized Payments Service Division to serve GTS customers and to handle their instructions through the Cash Online system.

Maintained Custody Market Leadership:

Maintained CIB market share leading custody position by 35% as of December 2012.

Executed New Custody Deals for a Total of EGP 6.5 billion

Took Initial Steps in Implementing the DRIP program

DRIP (Dividends Reinvestments Plan) is an equity option allowing investors to reinvest their cash dividends by purchasing additional shares. CIB is the first bank in Egypt to introduce this product.

Received Prestigious Awards

CIB was once again declared "Best Trade Finance Provider in Egypt" and "Best Sub-Custodian Bank in Egypt" in 2012 by *Global Finance* magazine; the Cash Management & Payments Department was also named "Best Foreign Exchange Provider in Egypt" in 2012 for the fourth consecutive year 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 an in-house legal counsel to provide a targeted and high level of legal advice for local and cross border transactions.

> *CIB Cash Online is the Bank's new online banking channel, offering customers a robust and comprehensive online view into all their banking activities.*

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

The Institutional Banking's Legal Advisor Department provides the business area with support on escrow agreements, medium-term loans, syndicated loans, project finance transactions and the conducting of legal due diligence. The function also plays a significant role in providing the business area with the requisite legal opinions for any specialized case without resorting to outside legal counselors.

Established in 2003, the Asset Protection Group is responsible for assisting and completing Corporate Banking Group (CBG I & CBG II) client documentation as well as ensuring that all corporate client documents are valid and enforceable, thereby protecting the Bank's rights. The Asset Protection Group became associated with the Institutional Banking Legal Advisor Department in 2007, yet maintains its separate workflow procedures. Since the association, the Asset Protection Group has successfully expanded the scope of its work to include the Suez and Canal Zone corporate documents in 2008; the Alexandria and Delta Zone in 2009; and established a new division in 2010 to handle mid-cap documentation.

2012 Highlights and Accomplishments

- Generated a gross income to the Bank in addition to legal fees through legal advisory services and escrow agreements.
- Contributed effectively and professionally in finalizing the closure of several major transactions.
- Professionally handled cases that were referred to the Department in the Middle East and Europe.
- Positively affected the Bank's reputation by managing escrow agreements that were released to the media, which helped attract new clients.
- Supported other lines of business / departments whenever needed.
- Effectively handled cases relating to CI Capital Group.
- Handled the majority of key international contracts relating to IB clients.
- Safeguarded CIB's portfolio by monitoring and facilitating the renewal of insurance policies to favor the Bank's prior expiration dates and implementing rigid control measures to manage documentation more smoothly and efficiently.
- Implemented best-in-class technical tools to better streamline the documentation cycle.
- Effectively absorbed the influx of credit customer accounts "new-to-bank-commitments" received by the Asset Protection Group while implementing a more systematic workflow.

Global Customer Relations

Despite the turbulent post-revolution conditions faced by Egypt in 2012, the Global Customer Relations (GCR) Group remained bullish in its outlook as it looks to capitalize on opportunities brought about by such volatile economic and political changes. GCR therefore concentrated all its efforts this year on responding to these changes and taking full advantage of the accompanying opportunities. As a result, and owing to its pivotal role across all of CIB's business lines, we are proud to announce that 2012 marked another period of successful achievements for the GCR Group.

The GCR business model also expanded in line with our Strategic Roadmap in 2012. Organizational and strategic objectives were prioritized and addressed and the required resources and staff recruitments were deployed while adhering to our strategic objective of focusing on overall profitability rather than profit per product.

In line with GCR's strategic goals and KPIs, special focus was directed toward our facilitative inter-departmental role within the Bank to align objectives across all areas in order to implement our overall profitability model for groups and clients under coverage.

GCR also made diligent efforts this year to provide advisory services to support specific industries adversely affected by the current economic climate, especially Real Estate, Tourism, Construction and Building Materials.

We also took a more active role in designing and developing tailor-made solutions to enhance, facilitate and improve Bank-wide products and services. Initiatives were undertaken to improve product offerings to better meet client expectations, deepening the Bank's relationship with existing clients and enhancing both growth and profits.

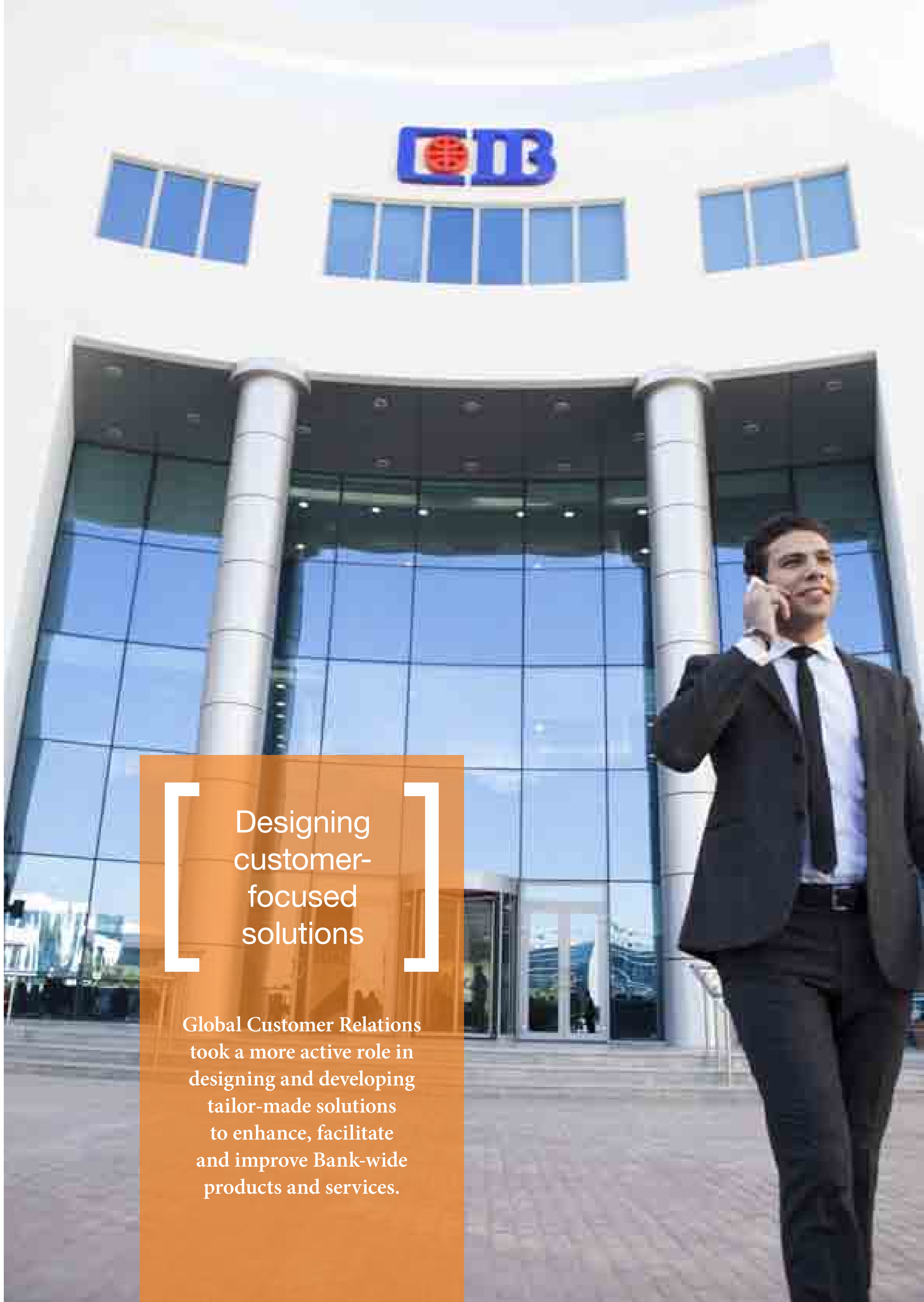
Driven by ownership and accountability over accounts under management, special focus was directed to:

1. Business development and portfolio enhancement through growth in the existing portfolio as well as new commitments.
2. Aggressive efforts towards recovering questionable and non-performing loans to safeguard the quality of CIB's asset portfolio.
3. Proactively solving potential client problems and identifying new business needs.

2012 Achievements:

- Contributed to the growth of Corporate portfolio by EGP 2.5 billion through increasing CIB share of wallet with 15 existing clients and four new-to-bank clients.
- Contributed to the growth of corporate profitability by 5.5%, reaching EGP 605.3 million as of December 31, 2012 up from EGP 573.9 million as of December 31, 2011.
- Initiated and orchestrated the immediate recovery of EGP 20 million in non-performing loans this year, as well as regularizing EGP 97 million in NPLs which were already written off.
- Aligned with the Bank's overall strategy to expand its deposits and funds base.
- Collaborated with other departments to introduce an amended cash deposit slip that accommodates the needs of corporate and non-corporate clients whose daily operations require keeping records of specific data for cash deposits, such as Etisalat and ABB Group. This is a clear example of a customized solution that meets client needs and which requires changes to standard operating procedures across a number of departments — one of GCR's core competencies and primary business objectives. Proving to be a valuable improvement, the amended cash deposit slip was eventually standardized for all CIB clients.
- Another notable operational improvement has been the introduction of a custom-designed program under Global Transaction Services (GTS) that is uniquely designed to monitor the receivable support package of a specific client.
- Effectively marketed a wide range of CIB products and services, the most important of which are:

- **Consumer Banking:**
  - A 19.5% increase in the number of payroll accounts.
  - A 39.3% increase in the amount of personal loans.
  - A 37% increase in the amount of personal deposits.
- **Merchant Acquiring Services** expanded, with GCR's help, to cover all GCR clients that require them. The Bank managed to exclusively provide Point of Sale (POS) terminals throughout the new Americana Plaza complex in 6th of October City. In addition, 154 POS terminals were installed at a number of client outlets including: Etisalat, Emaar, Concrete, Mobinil, Vodafone and EuroMed in Egypt. ATMs were also installed at the Kempinski and Sheraton hotels at Soma Bay.
- **Custody Services** contributed to the growth in CIB's custody portfolio by attracting shares worth EGP 610 million from three leading corporations in Egypt (Orascom Hotels and Development, Electrolux and New Giza).
- **Global Transaction Services** successfully completed a total of 20 deals across the "CIB Cash Online" and "E-Trade" platforms.
- **CIB Affiliates:**
  - Egypt Factors: Receivables factoring services increased by EGP 9.3 million.
  - Falcon: Falcon carried out Cash Transit Services for Emaar, Americana and Middle East for Glass (three of CIB's major industrial corporate clients).



[Designing customer-focused solutions]

Global Customer Relations took a more active role in designing and developing tailor-made solutions to enhance, facilitate and improve Bank-wide products and services.

Consumer and Business Banking

Payroll

The Payroll business performed well in 2012, growing by 42,631 accounts with active salaries as of December end — a 341% jump in payroll acquisition compared to 2011 acquisition.

As a significant channel for liabilities contribution, Payroll recorded EGP 2.2 billion in saving contributions in 2012, equivalent to an average saving balance of EGP 12,000 per customer.

The year also showed significant progress in our goal to off-load the manual payroll burden from branches as we have automated 9,000 transactions — 81% of all manual payroll transactions — easing demands on staff time and eliminating the risk of introducing errors in our clients' payrolls.

E-Payments

The E-Payments Department succeeded in generating incremental fees from our branch network by collecting governmental payments through E-Finance Company. This was our main target: E-Finance Company is responsible for the collection of governmental payments such as customs, taxes, charging customs account collections and Alex Port Authority collection through our branch network. In 2012 we faced challenges from worker protests at various ports, but we retained our first place ranking in customs collections with a 46% market share and a 128% year-on-year increase in fees generated as of December 2012. This was achieved by offering our latest technology services throughout our branch network. We introduced our service in all Egyptian ports (Damietta, Sokhna, Alexandria, Dekheila, Shark El-Tafriea, Airport) giving us the advantage of cross selling our banking products to new and existing customers.

Business Banking

The Business Banking Segment was formally launched at the end of 2011 following a successful one-year pilot program, particularly among retail companies in the Egyptian market. It mainly serves small and midsize companies, which are the backbone of the Egyptian economy with a contribution of almost 80% of total GDP.

Financials & Achievements:

The Business Banking Segment has witnessed a gratifying first year, with KPI achievements and financial results that have encouraged the top management team to increase its focus on this segment and grow it more by end of 2013. Below are some financial analyses comparing the pilot launch year versus 2012 year end results:

- Total Assets grew by EGP 226 million, an increase of 89%.
- Customer Deposits grew 43% to EGP 7.6 billion, including a growth of EGP 779 million in DDAs and EGP 1.5 billion in TERMS.
- Business Banking Revenue increased by EGP 92 million, a 66% increase that was driven primarily by a growth of EGP 63 million in Net Interest Income and EGP 30 million in fees.
- Business Banking enrolled companies increased by 37% and average client acquisition per month grew by 37%.
- Average YTD Revenue per relationship manager showed a strong 55% increase, showing a big productivity improvement of the dedicated Business Banking team.

With the launch of the Business Banking Unsecured Lending Program, CIB has once again confirmed its role as a key financial advisor to its clients. This comes as a natural progression of the Bank's mission to remain one of Egypt's biggest financial and commercial institutions supporting the Egyptian economy and push forward business and trade in Egypt.

Financial Synopsis	FY 2011	2012	Increase
Total Assets:	253,970	479,941	89%
Secured Facilities	253,970	479,941	89%
Customer Deposits:	5,341,516	7,645,462	43%
Demand Deposits	2,460,022	3,238,894	32%
Term	2,881,494	4,406,568	53%
Total Revenue:	140,706	233,303	66%
Net Interest Income	99,362	161,907	63%
Non-Interest Income	41,344	71,396	73%

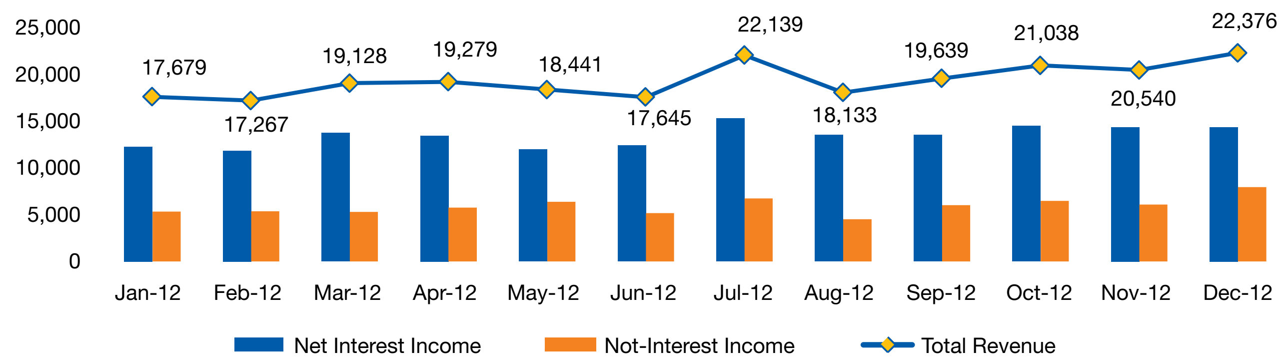
Strategic KPIs	FY 2011	2012	Increase
Number of New Companies	491	671	37%
No of RMs	29	31	7%
Revenue / RM	4,852	7,526	55%

Wealth

At CIB Wealth we achieve excellence by adopting industry best practices and fostering a "win-win" environment for all stakeholders. During the past year, through undivided attention to customer needs and quality services, the Wealth Management business has grown stronger, taking our Consumer Business to the next level and becoming leaders in one of the most critical retail businesses in local financial markets.

We also created a designated segment for high-net-worth clients, providing them with beyond-wealth benefits. Our offering has evolved to include a hand-picked package of exclusive financial and non-financial services that open doors to new opportunities for clients. This is all supported by our unique value-added products package and a well-selected team of experienced and certified wealth managers.

2012 Revenue Trend



Liabilities

Perhaps the best indicator of the liabilities business success has been the growth in CIB Customer Deposits. In 2012, CIB Consumer Bank managed to grow Customer Liabilities by EGP 9.6 billion with a remarkable 25% increase over 2011.

This translates to a total of EGP 59.1 billion of consumer deposits as an ending balance for the year of 2012. CIB's growth has recorded an outstanding achievement in a market of 39 banks, and helped CIB to raise its foot print of overall deposits in the Egyptian banking system.

Cards

CIB Cards Business is a robust, full-fledged and profitable business offering a full product suite of credit, debit, prepaid and POS. Our mission is to become the leader in processing non-cash financial transactions in Egypt, as well as a key enabler of the Egyptian economy.

Overall 2012 was a strong year for CIB Cards Business. On the Credit Cards line, we achieved an ENR growth of 24% representing 125 million.

In Acquiring, CIB maintained leadership position despite new entrants and strong competition from existing acquirers, processing more than 9 million transactions worth EGP 5.18 billion

2013 will witness new product launches and enhancements such as DCC (Dynamic Currency Conversion) on acquiring and loyalty feature on credit cards which will lead to more aggressive growth on both issuing and acquiring.

Consumer Loans

On the lending side, our Consumer Assets portfolios recorded growth of 29%, giving CIB the highest market share increase amongst peers in the consumer banking segment. During 2012, Assets portfolios began returning to business-as-usual after the return to normal credit policies, which had been tightened earlier in 2011, and an overall improvement in economic stability during Q3 2012. This improvement resulted in better portfolio credit performance and a decrease in overall delinquency ratios. Tourism, real estate, steel and cement are still restricted.

Our Personal Loans portfolio grew by 43% FY 2012, recording ENR EGP 2.7 billion by by end of Q4 2012. The Personal Loans program range expanded during 2012 with the addition of several new product programs, with a strategic focus on improving portfolio NIM by shifting sourcing mix towards high yield loan segments. In keeping with this strategy, new programs and initiatives will be added to the current product range on an ongoing basis throughout 2013. The Auto Loans segment began to regain its market leading position in Q3 after a return to BAU policies designed to increase portfolio growth and shorten the breakeven period, which had been delayed by 12 months due to 2011 political events.

An initial revamp of mortgage policy was completed, improving unsecured lending in order for CIB to capture a recognizable market share once anticipated changes to the legal framework of mortgages take place in 2013. The Secured Overdraft portfolio grew

CIB's 24/7 Call Center is the main interaction hub for our current and prospective customers.

further, reaching EGP 2 billion with a strong focus placed on changing the portfolio mix towards LCY lending to enhance spreads.

Alternative Distribution Channels

At CIB we believe that innovation is key to meeting ever-changing customer needs. Accordingly, in 2012 innovation continued to be a key differentiator for our services offering through:

Intelligent ATM Network: More than 510 terminals equipped with state of the art technology for dispensing and accepting cash with real time effect on customer balances, in addition to a wide variety of additional services including Bill Payment, Transfer, Foreign Exchange, Mobile Top-Up, Cards Settlements, and many more.

Moreover, to guarantee an outstanding level of customer experience, we use geo-marketing research to guide ATM site selection, allowing us to best match the presence of CIB machines with our customer base.

Call Center: CIB's 24/7 Call Center is the main interaction hub for our current and prospective customers. The Call Center supports all inquiries, requests and financial transactions on more than 3 million calls per year. As a sign of our unwavering commitment to customer satisfaction, we increased our Call Center workforce by 45% in 2012, to a total of 145 agents. The third quarter of this year saw the launch of the new IVR (Integrated Voice Response Services) after a complete technology revamp designed to provide more value-added services and personalize the navigation menu structure according to customer experience. Our customer care officers continue to receive intensive training courses as they often the first line of contact between CIB and our customers.

Internet Banking: This year has also seen the launch of CIB's Internet Banking service. The new interface ensures the continuity of all services available through the previous platform, but also offers improved services with higher reliability, presenting consumer loan products and transactions in real time (as opposed to the previous batch-based mechanism).

Internet Banking comes with innovative features including allowing users to save beneficiaries for future transactions, save a drafted transaction to continue later, securely converse with a bank agent, and set forward and recurring transactions, as well as an easy-to-use authentication mechanism which allows customers to transfer funds outside their own accounts to other CIB clients or outside CIB.

The new interface is also designed to allow future integration with other e-channels and to offer advanced services such as Mobile Banking, Bill Payment, Enterprise Alert, and a differentiated look and feel from a branding point of view for the various client segments such as the Wealth segment. It will also provide access to e-banking services for credit-card-only clients and small companies. This is in addition to building more functions, which will support the migration of banking services from the Branch and Call Center to e-banking channels, improving customer satisfaction and decreasing operational costs.

Channels Outlook in 2013

The journey to strengthen the core capabilities for all self-service and digital channels will continue to evolve with the primary focus on providing a consistent, high quality experience to our customers across all distribution

Implementing a consumer focused strategy

19.5%
increase in the number of payroll accounts.

39.4%
increase in the amount of personal loans.

37%
increase in the amount of personal deposits.

channels. This will also enable alternative banking channels such as Mobile Banking, designed to give our customers maximum flexibility to do business with CIB at any time, in any place.

Insurance Business

The CIB Insurance Business provides Life and General Insurance programs that generate non-interest revenues for CIB Consumer Banking (fees).

Life Insurance provides a variety of products including Pure Life Insurance as well as Saving Plans, which suit the appetite of a wide range of consumers in Egypt through a referral-based model.

The department began offering General Insurance in 2011 with strong links to the best insurance providers in Egypt, to construct a competitive open architecture to find the best value and service for the Egyptian market.

Target Segment

Due to the nature of insurance products, periodic premiums are paid to cover undesired events. Our business targets all segments based on consumer income, health situation and need satisfaction.

A number of new Life Insurance products were introduced in 2011, with improved benefits, including Term Life, Permanent, Endowment and Annuity Life Insurance products that cover nearly all consumer needs.

Strategy

- Insurance Business' strategic goal is to increase revenue contribution to Consumer Banking to 10% in 2016.
- Increase CIB customer base penetration.
- Lead the market by introducing a wide range of products from the best insurance providers.

2012 Achievements

1. Life Insurance

- A strong growth year, with written policy volumes up to 232 million from 152 million in 2011.
- Remarkable net growth in fee income reached 135% from last year reaching EGP 37.6 million in 2012.
- Introduced new Pure Life Insurance product with unique variety of benefits.

2. General Insurance

- Credit Shield a bundled product for credit cards customers with a growth rate of 229% in administrative fees compared to 2011.
- Family Protection Plan, an accident protection product tailored for credit cards customers and geared for families. The product was soft-launched in August 2011.
- Improve Bank Risk Management by reviewing bank insurance policies related to financed assets, with 50% completion of the project.

Insuring a better future

135%

growth in net fee income from life insurance in 2012.

229%

growth in administrative fees from Credit Shield, a bundled general insurance product for credit card customers.

[World-class customer care]

More than 3 mn
calls received in 2012 by our highly-qualified call center personnel.

45%
increase in call center workforce in 2012.

COO Area

In 2012, the COO Area continued its efforts to implement its agenda for improvement and standardization. Much progress was made in terms of people, processes, controls, service and quality, as well as infrastructure enhancement and strategic decision-making.

The COO Area also continued this year to focus on the enhancement of customer experience, one of the Bank's key objectives. The COO Area supported this objective in multiple areas including the branding of branches and providing service and quality measurement tools across the network. Great strides were made to standardize and centralize multiple processes in order to enhance productivity and control.

This year we were able to boost our distribution network by opening 12 new branches. We are also undertaking multiple projects to enhance our safety and security measures based on our security assessment.

Strategic decision support moved to another level; the quality of information across lines of business, products and customers was enhanced and helped all stakeholders in analysis and decision-making. Finance support from information management, regulatory and accounting perspectives added much value for the Bank in 2012.

Hiring, developing and retaining talent is one of the Bank's key missions. This year, the COO Area focused on a variety of aspects of Human Capital Management, developing staff through effective training, enhancing performance management and applying employee engagement initiatives. We actively participated in employment fairs in universities across the country, increasing new hires by 264 this year over 2011. We introduced new training programs that were attended by 4,500 staff members, provided staff with opportunities to develop their careers in other areas within the Bank, and conducted salary surveys to align our compensation and salaries with current market levels in order to increase staff satisfaction and retain key talent.

Internal communication processes were also enhanced through updating our intranet portal to include policies, procedures and selective course material, as well as keeping staff updated with changes across the organization.

Operations Group

During 2012, the Operations Group managed not only to sustain its high level of productivity and efficiency, but also took further steps towards being a proactive business partner.

The Group undertook formation and restructuring operations for multiple functions, including Institutional Operations, GTS Operations and Operational Excellence, with the objective of consolidating and standardizing operations functions to increase productivity and improve service quality — key focus areas on the Operations Group agenda for 2012.

> *Hiring, developing and retaining talent is one of the Bank's key missions.*

Multiple initiatives were undertaken to improve customer experience, including launching non-negotiable standards, CIB Way and key service indicators, as well as standardizing multiple operation procedures and customer forms to provide a consistent, smooth experience for our customers. Standard processing times were also set in place for productivity enhancement. And to support GTS customer transactions, an additional 12 service hubs were added to our branch network along with a dedicated GTS Operations unit.

Improving the efficiency of alternate channels was also a key development this year: In 2012 we managed to increase the efficiency and availability of our ATMs and conducted a soft-launch of a new online banking application to support customers' evolving needs.

While we work on our initiatives, controls are always the number-one priority. With this in mind, we were able in 2012 to widen the scope of our Internal Control unit to cover several units in the Operations Group and a wider array of branches in order to reduce operational risks and further embed the controls culture in different areas within the Bank.

To support the resumption of our business during emergencies and disruptions, our business continuity and crisis management planning were improved by establishing alternative recovery locations.

Finally, an award-winning 2012 added another chapter to the CIB success story, with the Trade Finance Department winning the "Best Trade Finance Bank" from Global Finance magazine for the 7th year in a row. The Remittances Department was also awarded "The Quality Recognition Award for Outstanding Achievement – Best-in-Class Book Transfer Rate" by JP Morgan.

Premises Projects Department

In 2012, the Premises Projects Department undertook a number of key strategic initiatives that positively impacted the Bank's external and internal customers.

One of these initiatives was the "Easy Branch" concept, a teller-less branch model located in high-end premises mainly focusing on sales, and using alternative cash channels. Five Easy Branches had been opened in up-market residential areas by December 2012.

We also expanded CIB's distribution network, establishing 12 new branches, as well as enhancing CIB's image and customer experience through the renovation of more than 10 branches and 40 wealth lounges with the new 'wealth' image.

We also undertook a geo-marketing assessment of all CIB branches, providing us with a scientific approach for assessing the current reach of our branches.

Finally, the Premises Projects Department is preparing for 2013 with an aggressive expansion plan for our network, aiming to add 30 new branches. The department has already front-loaded almost all the steps for this plan in order to expedite its completion within the designated timeframe.

Finance Department

In response to a mandate from the Bank's leadership for the Finance Department to become a value-added and strategic financial partner to Business, Finance successfully changed its organizational design in 2012. The resulting flatter and more entrepreneurial structure — which now embraces global talent — is more empowered and focused on shareholder value.

Finance now has more involvement in strategic decision-making through the ability to call certain directions, disseminate quality information and conduct discussions with Senior Management regarding key performance indicators, accounting standards, and regulations including taxation. This scope was expanded and now covers subsidiaries and associate companies in addition to the Bank itself.

Management and financial information (in terms of details, analysis and timelines) have been enhanced this year to help the Bank better execute its strategy. The greater participation of the Finance Department has been a key driver of many efficiency initiatives across the Bank such as cash management, cross selling, procures to pay infrastructure and core system migration.

Corporate Service Department

In continuation of the rationalization and enhancement projects that were initiated last year, the Corporate Services Department went the extra mile in 2012 to ensure the best services are provided for the cleaning, maintaining and managing of equipment. Some of the Corporate Service Department's achievements this year included the new Digital Archiving & Microfilming project, which aims to transfer all of the Bank's documents into digital files and microfilm. The Department also carried out a number of upgrades this year, which included Q-Matic system, cameras, DVRs, UPS devices, generators for branches and Head Offices and firefighting systems for branches.

Human Resources

HR's strategy for 2012 was to remain focused on the Bank's employees, working to increase both productivity and motivation. With this in mind, a number of initiatives and projects were put in place:

Recruitment

During 2012, CIB continued to hire different levels of staff in various areas of the Bank, despite the political and economic situation in the country. In total, 559 new employees were hired during 2012, compared with 295 new hires in 2011. Seventy percent of all new hires in 2012 headed to Consumer Banking and branches. Moreover, the Recruitment Department participated in several career fairs and campus visits, aiming to attract Egypt's best talent from its top universities.

The Bank participated in the Harvard Arab Conference for the second year in a row, with a view toward branding CIB as an employer of choice for Egyptian students studying at top-tier universities. Eleven Egyptian candidates were identified during the event and showed an interest in joining CIB. The Department also played a significant role in selecting the 60 interns who joined our new Summer Internship Program, which aims to attract the best candidates from the best universities to join the CIB team.

Training

In 2012, the Training Department's focus was to identify gaps in the knowledge and skills of staff and to deliver the appropriate educational courses to bridge these gaps. To achieve this objective, the Training Department worked on a plan to provide educational programs related to technical, management and business skills. Our highlight for the year was the number of programs that were developed and delivered by senior staff to enhance overall banking knowledge across all levels. A total 4,500 staff attended the different programs.

Our Management Training Programs were once again a great success. A total of 49 participants from various areas in Consumer Banking and Operations enrolled in the Leadership and Development Program for Consumer Banking (LDP). The Leadership and Management Program for Senior Officers — which aims to create a sense of synergy and a unified vision for all senior management within CIB — continued this year as well, with 50 participants attending and successfully completing the program. Also in 2012, our Credit Course was revamped by external consultants and upgraded with new case studies and updated course material. Some of the new programs that were introduced this year included: Wealth Management, Supervisory Skills and a number of middle management programs.

Organizational Development

In order to increase employee interaction and ensure their voices are heard, HR administered several initiatives to maintain communication with employees, including the Employee Engagement Survey, the Salary Surveys and various Town Hall meetings.

The Employee Engagement Survey was conducted for the second consecutive year, with this year's response rate reaching 79%. Salary Surveys were conducted to assess compensation and ben-

Best Bank in Egypt for 16 consecutive years

A total of 12 international and regional awards in 2012.

efits across the market, with more emphasis on critical / executive positions to ensure that the Bank is aligned with current market levels.

The Standardization of Job Families initiative was also launched to ensure employees have a clear understanding of their roles in achieving the Bank's strategy and mission.

Marketing and Communication

The Marketing and Communication Department has made major efforts this year to influence CIB's brand equity as it builds strong bonds with both external and internal customers by encouraging loyalty, building trust and fostering an optimistic outlook.

Alongside launching the "Bank to Trust" Tactical Campaign, the department also launched the "Values & Dreams" advertising campaign during Q2 2012, as well as the thorough revision of our Cairo Airport branding. CIB's Airport branding helps maintain a strong and solid position for CIB in comparison with other banks while receiving a wide range of publicity from customers.

CIB has always been an avid supporter of the Arts. Working with the Ministry of Culture and the Fine Arts sector, CIB lent its support to talented young artists by sponsoring the Salon of Young Artists. The art pieces bought from the gallery were the inspiration behind CIB's new book, "Egypt: The Promise," featuring some of the artwork in CIB's varied collection.

As part of our overall marketing strategy this year, we focused on upgrading and standardizing the branding for all our branches. The purpose of this project was to project a consistent overall image to our customers. More than 60 CIB branches were enhanced in terms of branding during 2012, along with the implementation of a new theme in 30 of our Wealth Lounges.

Recognizing the importance of the intranet as a communication tool among staff, the Marketing and Communication Department enhanced and upgraded the system to allow staff to endorse policies, procedures, forms, services, training programs, news and updates. Further developments are being implemented featuring videos and online training programs.

CIB Awards

CIB has continued to receive global acknowledgment awards for the Bank's exceptional performance and reputation, acquiring a total of 12 awards during 2012:

- "Best Bank in Egypt" for the 16th year, from *Global Finance* magazine.
- "Best Sub-Custodian Bank in Egypt" for the fourth consecutive year, from *Global Finance* magazine.
- "Best Foreign Exchange Provider Bank in Egypt" for the ninth year, from *Global Finance* magazine.
- "Best Trade Finance Bank in Egypt" for the sixth year, from *Global Finance* magazine.
- "Best Local Bank" for the fifth consecutive year, from *EMEA Finance.*
- "Best Asset Manager in Egypt" for the second consecutive year, from *EMEA Finance.*
- "Best Asset Manager in Egypt" for the third consecutive year, from *Global Investor ISF.*
- "Best FX Provider in the Middle East" for the second time, from *Global Investor ISF.*
- "The Quality Recognition Award MT 202" from JP Morgan.
- "The Elite Quality Recognition Award MT 103" from JP Morgan.
- "Best Trade Finance Bank in Egypt" for the 4th consecutive year, from *Global Trade Review.*
- "STP awards for 2012 in USD and EUR," from Deutsche Bank.

Information Technology

This year has been a milestone in our three-year IT overhaul, with the finalization of key technology upgrades, as well as the initiation of the final stages in the Bank's three-year IT strategy. Our focus on improving overall customer experience has continued to drive our strategy, and with the great strides made in technology upgrades during 2012, we now move closer towards ensuring the stability and sustainability of all our systems.

This year we concentrated on managing changes across our technology environment, succeeding in finalizing the IT base. As a result, we now have the foundation to help us build the advanced services that will better serve our business goals.

We are focused on building upon our massive technological backbone by incorporating new and improved services to provide a better overall experience for our customers.

Among the large number of projects completed in 2012, some of our key achievements include:

- *Moving the Retail Department to the New Core System:* The move of all retail banking activities to our new core system — a key step towards providing 24/7 banking services — was completed this year. This includes moving all our retail customer touch-points such as ATMs, POS machines, branches, internet banking, Automated Voice Response, etc., to the new system.
- *New Infrastructure for all Key Systems:* In order to improve performance and stability to handle the growing transaction volume, all key systems were migrated to the new infrastructure. This completes a key pre-requisite for managing our increasing business demand.
- *New Online Banking Portal:* CIB invested in a completely new system in order to provide online banking services to our customers. Our new service offers not only improved functionality, but is also easily accessible through a variety of devices, ensuring customer ease and productivity.
- *Advanced Analytics and Reporting:* Continuing our data warehouse strategy, CIB is in an excellent position to make full use of the wealth of data at our fingertips. This has resulted in advanced analytics, accurate reporting, and improved forecasting. We are also in the process of providing our business with cutting edge tools for end-user analytics and reporting. The next step in this area is to start providing near real-time feeds for further improved and up-to-date views into our customer data.
- *New Data Center:* As part of our ongoing strategy of embedding cutting edge IT services into the Bank, CIB has started work on a brand new data center to house our complete infrastructure. This investment will help us provide the full gamut of our IT services to clients 24/7 in a highly controlled and sustainable manner. The project has been fast-tracked for completion by mid-2013.
- *Improved Process Orchestration:* Another key project initiated this year was addressing process automation and centralization through the introduction of a system for Business Process Orchestration. This aims at providing straight-through processing and work flow automation in order to improve customer turnaround times and the management of business processes. The first phase of this project will also be delivered next year.

Going into 2013, we are focused on building upon our massive technological backbone, by incorporating new and improved services, and delivering widely available and easily accessible infrastructure and world class system capabilities, all aimed at providing a better overall experience for our customers.

Risk Group

The Risk Group (RG) provides independent oversight and support in the establishment of the Enterprise Risk Management (ERM) framework across the organization. RG proactively assists in recognizing potential adverse events and establishing appropriate risk responses, thereby reducing costs or losses associated with unexpected business disruptions. The Group identifies, monitors, controls and reports risk exposures against tolerance levels and limits to senior management and the Board of Directors.

Risk Group's strong disciplined framework has been essential in withstanding the uncertain economic environment in Egypt. As a result, CIB was able to deliver strong results, serve our clients well and maintain our reputation as a market leader, despite economic challenges.

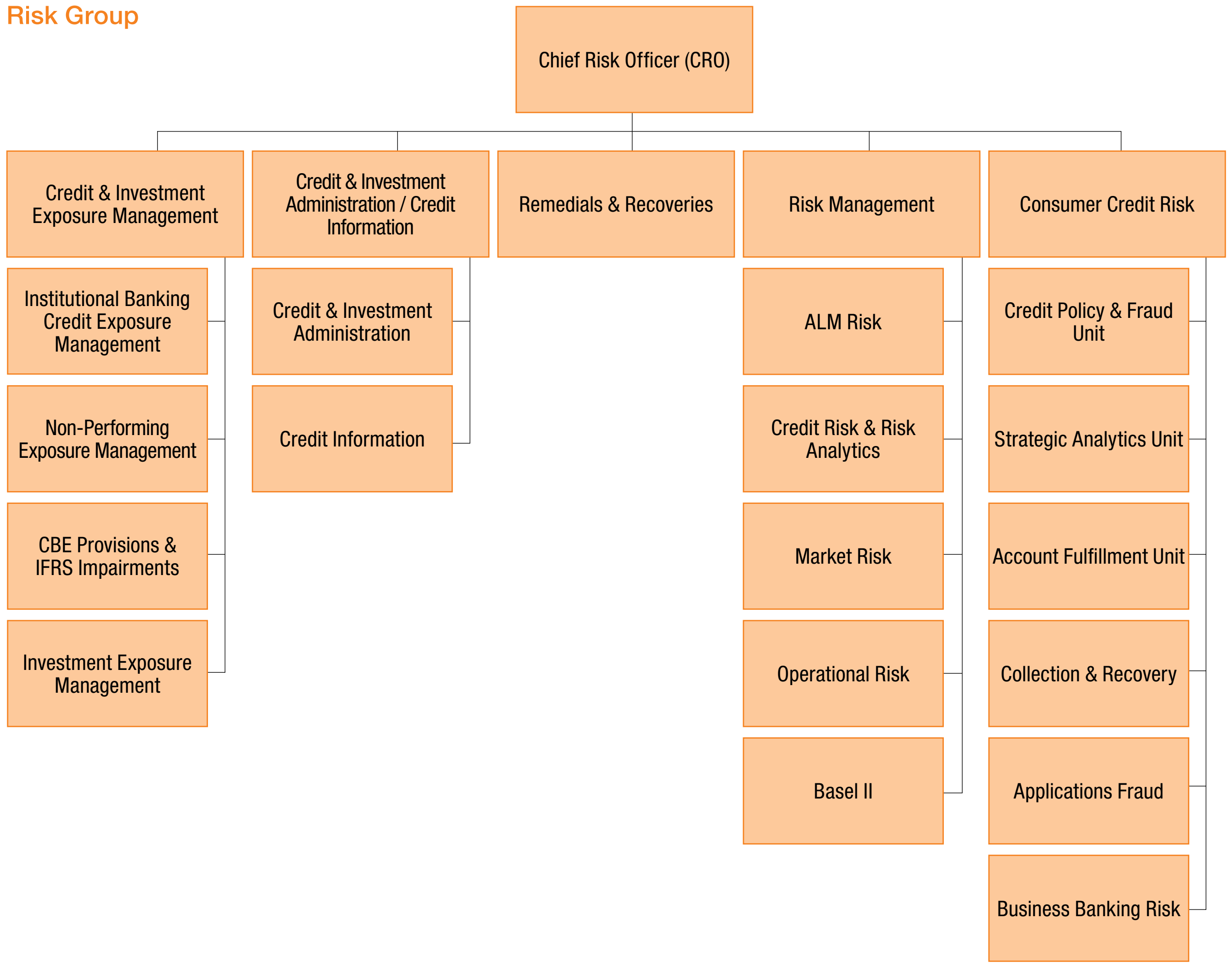
Risk Group Objectives

- Implement a robust Enterprise Risk Management framework that meets regulatory requirements and international best practices.
- Work closely with business and support groups in order to monitor portfolios and operations to provide independent risk analysis.
- Raise efficiency to reduce expected losses, while maintaining adequate impairments coverage.
- Provide projections for unexpected losses to maintain capital adequacy.
- Review business decisions adjusted for risk in order to optimize capital utilization and return on shareholders' value.

Risk Organization

The Chief Risk Officer (CRO) manages the Risk Group and has the overall day-to-day accountability for functions for the following key areas: credit and investment exposure management, consumer credit risk, credit and investment administration, credit information, risk management, and remedials and recoveries. The CRO reports directly to the Chairman and has oversight of the enterprise risk management framework and fosters a strong risk culture throughout the organization.

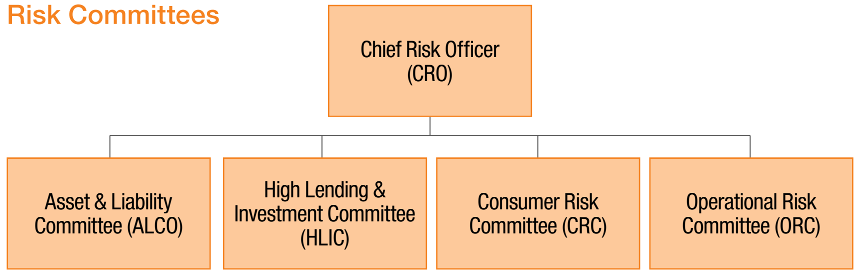
Risk Group



Key Management Risk Committees

The CRO and other risk officers are key members of all credit, asset and liability management, consumer and operational risk committees.

Risk Committees



- The High Lending and Investment Committee (HLIC) is composed of senior executives of the Bank. The primary mandate is to manage the asset side of the balance sheet, while ensuring compliance with the Bank's credit policies and CBE directives and guidelines. The HLIC reviews and approves the Bank's large credit facilities and equity investments, as well as focuses on the asset quality, allocation and development, and adequacy of provisions coverage.
- The objective of the Asset & Liability Committee (ALCO) is to optimize the allocation of assets and liabilities, given the 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 risk profile to ensure ongoing activities are compatible with the risk/reward guidelines approved by the Board of Directors.
- The Consumer Risk Committee's (CRC) overall responsibility is managing, approving and monitoring all aspects related to the quality and growth of the consumer and business 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 compliance with 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 by 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 Group (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, institutional and individual customers. Management and the Board of Directors have established key committees to review credit risk and concur with the overall policy. Under the Risk Group, credit risk is managed by the Credit and Investment Exposure Management Group and Consumer Credit Risk Group. These groups 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 Group'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, and establish adequate protection, control and a solid provisioning process to ensure portfolios are adequately covered. This is achieved through continuous analysis, monitoring and close follow-up on portfolios, in addition to conducting periodic assessment of performance to detect early signals for possible distress or deterioration and to set corrective measures for mitigation.

The above measures — backed by the high portfolio quality — enabled the Bank to maneuver safely through a difficult period, reflected in a moderate increase in default ratio of 3.63% in 2012 as compared to 2.82% in 2011, coupled with a coverage ratio of 134.4% in 2012 as compared to 136.04% in 2011, in spite of the current political and economic conditions, 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 2013, CIB will continue to support business growth through adoption of a prudent strategy built on risk mitigation and sound risk assessment.

Credit & Investment Administration / Credit Information Group

The Credit & Investment Administration function ensures administrative control on institutional and investment exposures and the compliance with both the Credit Policy Guidelines and CBE directives. The Credit and Investment Administration Department represents a strong back up to the Institutional Banking Group by maintaining a quality control system that ensures CIB seniority, protection and control, which is processed through verification of assigned collateral related to approved facilities prior to disbursement of funds, in addition to robust reporting that facilitates effective decision-making.

The Credit Information Department conducts comprehensive market information reports per client, from various sources, for all corporate and mid-cap clients, and is responsible for extracting all regulatory reports, in order to assist in the approval decision.

Consumer Credit Risk Group

Consumer Credit Risk Group 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 and Business Banking Policies and Central Bank of Egypt directives.

The Bank's Consumer Asset portfolio consists primarily of Credit Cards, Auto Loans, Personal Loans, Secured Overdrafts, Residential Property Finance and newly launched Business Banking Segment. The Bank now has assumed a leadership position in the market on the Consumer Asset business. The Consumer Asset portfolio has exhibited relatively strong growth throughout the year with an increase of EGP 1.5 billion, representing a growth rate of 29%.

This growth can substantially be attributed to the introduction of new programs and policy changes that give the bank a definite competitive edge in the market. The Consumer Credit Risk Group, in conjunction with the business units, have deepened the product line by rolling out multiple programs and product variants to attract the target segment envisaged to facilitate the growth. Over the past four years, CIB has built a sizeable Consumer Asset portfolio of more than EGP 6.8 billion with a strong portfolio quality carrying loss rate of 0.4%. This portfolio size and quality provides a high loss-absorption capacity to the Consumer Asset portfolio, which has facilitated the launch of multiple programs to attract high-yield segments to further enhance the profitability of the Consumer Asset business.

Furthermore, a dedicated Business Banking set-up has been institutionalized to attract the previously untapped segment of customers in the EGP 5-50 million turnover range. This new business line should address the specific needs of this segment, and consequently, separate product programs have been launched. Also, a dedicated risk structure has been set-up to specifically address the associated risks of this segment and fulfill the different skill-set required to venture into it.

The aggressive portfolio growth was achieved while improving portfolio quality — after the delinquency increases seen in 2011 — to levels witnessed prior to the Egyptian Revolution. The portfolio has exhibited a healthy trend with non-performing assets at 2.1% (compared to 3.3% in 2011 and 2.4% in 2010) and loss rates of 0.4% (compared to 0.6% in 2011 and 0.5% in 2010). The portfolio quality has been sustained by ensuring the right portfolio mix; with concentration caps across comparatively riskier segments; and a very rigorous portfolio management approach that identifies opportunities for growth and defines corrective actions that are then executed subsequently. 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) and 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 are also employed to identify differentiated customer repayment patterns, 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.

Remedials & Recoveries Department

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 turnaround potentials via committees or board representations.

In addition, it seeks reactivation of relationships with stagnant accounts and proposes settlements or turnaround 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.

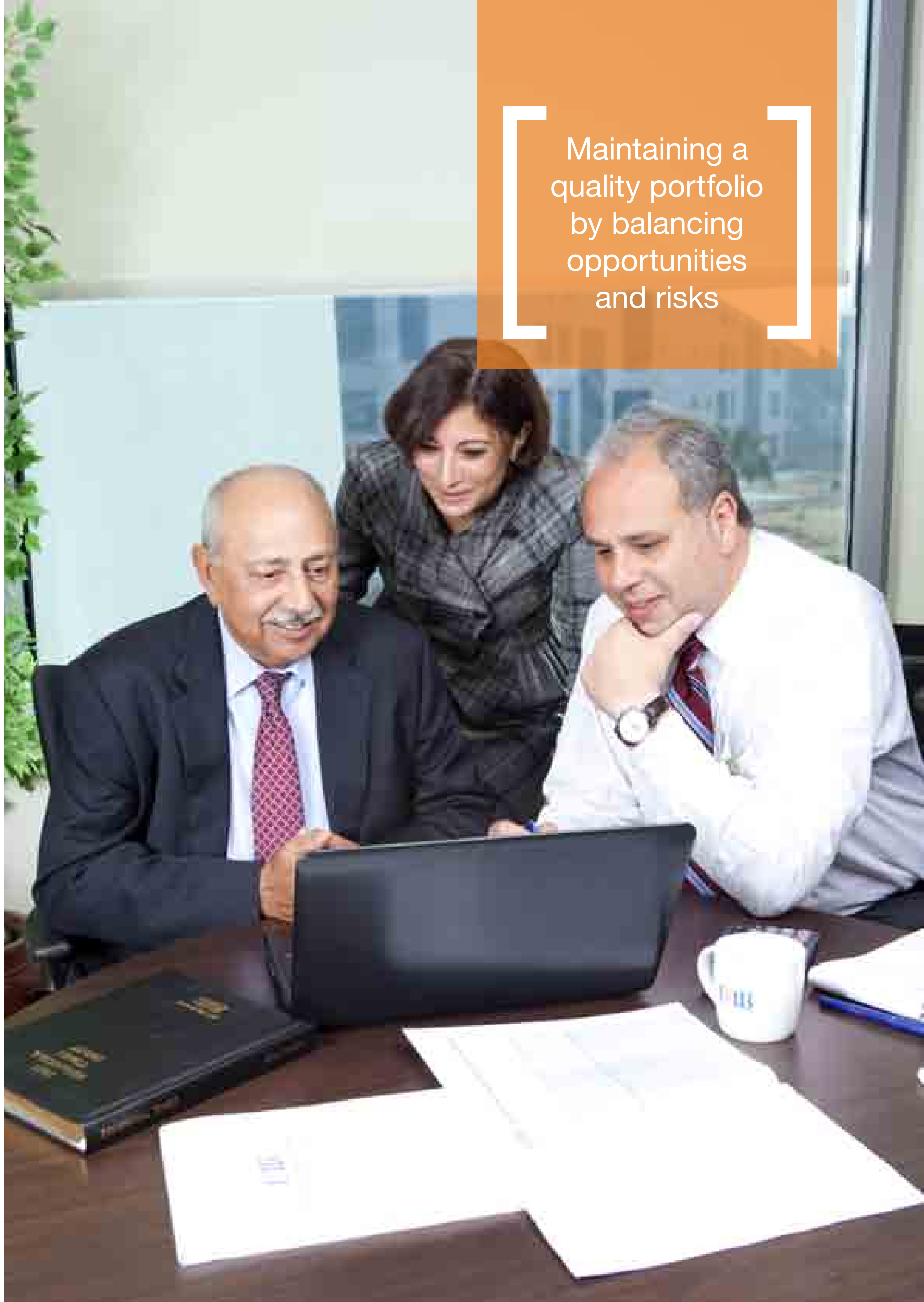
Despite the difficult market conditions, recoveries amounted to EGP 19.2 million in 2012 versus EGP 15.7 million in 2011.

Consolidated Portfolio Quality & Provisioning

Total IFRS based Impairment Charges reached EGP 1.93 billion in 2012, as opposed to EGP 1.45 billion in 2011, despite the write-off of EGP 186.3 million in 2012. The Bank's General Coverage Ratio for Direct Exposure increased from 1.77% as of December 2011 to 2.32% as of December 2012.

Risk Management Department

The Risk Management Department (RMD) identifies, measures, monitors and controls the Asset and Liability Management (ALM), and Market and Operational Risk and ensures that the



Maintaining a quality portfolio by balancing opportunities and risks

	2009	2010	2011	2012
Gross Loans (000's of EGP)	28,981,189	36,716,652	42,933,133	44,350,975
NPL (%)	2.97%	2.73%	2.82%	3.63%
Charge-Offs to Date (000's of EGP)	1,609,105	1,714,960	1,870,898	2,057,209
Recoveries to Date (000's of EGP)	338,928	368,095	383,835	403,031
General Ratio (Direct Exposure only)	2.32%	2.19%	1.77%	2.32%
Recoveries to Date / Charge-Offs to Date	21.06%	21.46%	20.52%	19.59%

Basel II and risk analytics requirements are adequately managed and that the status is regularly reported to senior management and the Board of Directors.

Liquidity Risk is the risk that the Bank would find itself unable to meet its normal business obligations and regulatory liquidity requirements. CIB has a comprehensive Liquidity Policy and Contingency Funding Plan that supports the diversity of funding sources and maintains an adequate liquidity buffer with a substantial pool of liquid assets, as well as having less reliance on wholesale funding. To measure and control liquidity, CIB uses gaps, stress testing, net stable funding and liquidity coverage ratios, and regulatory and internal liquidity ratios. In 2012, the Bank maintained strong liquidity ratios and there was no need to execute the Contingency Funding Plan.

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. Interest Rate Risk primarily arises from the re-pricing maturity structure of interest-sensitive assets and liabilities and off-balance sheet instruments. CIB uses a range of complementary technical approaches to measure and control Interest rate risk including: Interest rate gaps, duration, duration of equity, and earnings-at-risk (EaR).

In 2012, the balance sheet was strategically positioned to benefit from the interest rate environment and CIB proactively managed this sensitivity to safeguard against adverse shocks.

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 trading and non-trading activities. The Bank uses various measurement 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. Despite the volatility in 2012, CIB maintained adequate market risk appetite levels.

Operational Risk is the loss resulting from inadequate or failed internal processes, people and systems or from external events. CIB maintains an Operational Risk framework and comprehensive policies and processes designed to provide a sound and well-controlled environment. The framework uses the following approaches to measure and control Operational Risk: loss database, risk control self-assessment (RCSA), and key risk indicators (KRIs). In 2012, Operational Risk losses were at minimum tolerance levels and proactively monitored and managed.

In 2012, CIB continued to participate in Basel II quantitative impact studies with the Central Bank of Egypt, and is well positioned to be compliant with the new regulations.

2012 Accomplishments

- Embedded the understanding of our risk appetite across the enterprise and increased risk transparency.
- Diligently monitored action plans that led to preservation of portfolio quality, evidenced by the NPL ratio of 3.63% and a coverage ratio of 134.40% in 2012.
- Recoveries amounted to EGP 19.2 million, despite difficult conditions.
- Exceptional consumer portfolio quality with non-performing asset rates at 2.1% and loss rates of 0.4%.
- Enhanced portfolio monitoring with roll-out of Concierge Automated Risk Monitoring tool.
- Launch of varied innovative programs to facilitate asset growth through extensive usage of the Credit Bureau.
- Set-up of dedicated and independent business banking risk structure.
- Independent quality assurance checks and subsequent process improvements to improve efficiencies and additional controls.
- Enhanced collection efficiencies through building greater coverage and reach.
- Re-engineered underwriting to achieve cost-savings and processing efficiencies, which resulted in credit assessment of greater numbers of applications during the year despite head-count savings.
- Enhanced liquidity measurement models.
- Conducted Basel II Quantitative Impact Studies for the CBE and in position to be fully compliant with the new regulations.
- Encouraged continuous learning through our Risk Group professionals by designing and offering educational training programs.

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 risks, including regulatory, governance, legal, fraud, reputation, money laundering and terrorism financing. The department works consistently to achieve the highest possible standard of compliance.

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 communication to ensure compliance with CBE in terms of transparency and proper disclosure of terms and conditions for products and services. It also assesses compliance risks and related tools of control to ensure that all business lines are complying with existing regulations.

In 2012, the Division's main focus was on providing recommendations for improved controls and processes, an effort that will continue Bank-wide through 2013.

2. Anti-Money Laundering and Terrorism Financing

This Division is directly involved in monitoring transactions with branches and other business areas to ensure 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. During 2012, spot checks were conducted on 21 branches, in coordination with Operations, to test the adequacy of the Bank's Anti Money Laundering Compliance Program and to address any identified gaps. This shall continue throughout 2013. In doing so, the Division implemented a risk-based approach to assess customer profiles and their related transactions. In order to conduct more accurate analysis, CIB has invested in an advanced automated AML solution that will be in place by Q2 2013.

This Division is also responsible for screening customer transactions, including incoming and outgoing payments for individuals and entities that are negatively listed and between sanctioned countries. In 2013, the Division will be responsible for handling the preparation for FATCA (Foreign Account Tax Compliance Act) requirements for US individuals and entities in coordination with other areas in the Bank that will be in effect by January 2014.

Mitigating risk

EGP 19.2 mn in non-performing loan recoveries.

EGP 6.8 bn CIB's consumer asset portfolio, which carries a loss rate of only 0.4%.

21 CIB branches were spot-checked to test Anti-Money Laundering compliance.

3. Corporate Governance and Code of Conduct

This Division continues to work hard to build a sound corporate governance model that is commensurate with CIB's status as a leading financial institution. In 2012, the Division drafted the Bank Code of Corporate Governance in alignment with CBE guidelines and international standards, in addition to three related policies: Whistle Blowing, Conflict of Interest, and Disclosure, which were all endorsed by the Board.

The Division continues to provide regular updates and awareness to all staff according to CIB ethics standards and regulations in conjunction with the Bank's core values, and investigates cases related to breaches of the Bank's code of conduct. In 2012, through the Bank Fraud Committee, it succeeded in putting several precautionary measures in place to minimize external and internal fraud risks, thus safeguarding customer accounts and bank assets from such acts.

4. Complaints Investigation

This Division was established in 2010 and is responsible for investigating inquiries and complaints received from CBE and the Chairman's Office. It coordinates with the Customer Care Unit, which is in charge of all customer complaints, to investigate the root causes of such complaints and client dissatisfaction, and to initiate remedial action.

Based on the analysis of the root causes in 2012, work flow systems were enhanced and processes improved in order to continuously decrease the volume of customer complaints and to achieve the Bank's ultimate goal of customer satisfaction.


Year 2013
BRANCHES
Hiring Plan
Branches
by End of 2013

CI Capital Holding

CI Capital is CIB's wholly-owned, full-service investment banking division, offering a range of capital markets solutions through its platforms for securities brokerage, asset management, and investment banking advisory, all supported by a strong research arm.

Business lines

Securities Brokerage

CI Capital Securities is a top-ranked Egyptian brokerage house that offers its services through two fully-owned brokerage companies serving a wide range of global clients: Commercial International Brokerage Company (CIBC) caters to institutions and high net worth individuals, while Dynamic Securities Brokerage focuses on retail clients.

2012 Accomplishments:

- Ranking: CI Capital Securities has successfully propelled both of its brokerage arms into the upper echelons of the Egyptian securities market. In 2012, CIBC was the top-ranked brokerage firm in Egypt (excluding OTC and irregular transactions) and ranked third overall. Dynamic Securities made steady progress throughout the year, moving up strongly from the top 50 to secure a place as one of the top 15 brokers in the country.
- Market Share: In 2012, CI Capital Securities added 1.8% to its overall market share across both brokerage firms to reach 8.9% (CIBC, 7.1%; Dynamic, 1.8%), up from 7.1% in 2011. The firm recorded a total trading value of EGP 25.9 billion in 2012.
- Revenue Diversification: Throughout 2012, CI Capital Securities has focused on revenue diversification through the continued expansion of its trading platform. Execution capabilities have been expanded beyond the local market by offering clients quality access to international equity markets in Europe, the US and the GCC.

Asset Management

CI Asset Management (CIAM) is a leading institutional asset management firm in Egypt, with total assets under management reaching EGP 7 billion (as of December 2012).

CIAM manages seven diverse funds:

- Osoul: One of the largest and best-performing money market funds in Egypt, with assets under management of over EGP 6 billion.
- Istethmar: CIAM's first equity fund (launched in 2006), with assets under management of EGP 142 million.
- Aman: A Sharia-compliant fund launched in 2006 in cooperation with CIB and Faisal Islamic Bank of Egypt, with assets under management of EGP 38 million.
- BLOM: A money market fund launched in 2009, with assets under management of EGP 270 million.
- Hemaya: A capital-protected fund launched in 2010, with assets under management of EGP 41 million.
- Thabat: A CIB fixed income fund launched in 2011, with current assets under management of EGP 173 million.
- Rakhaa: United Bank of Egypt's Sharia-compliant money market fund, launched in 2012 as the first of its kind on the Egyptian market, with current assets under management of EGP 318 million.

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

2012 Accomplishments:

Ranking and awards:

- CIAM was named "Best Asset Manager in Egypt" at the *Global Investor Awards* for the third year in a row.

A transformative year across CI's platform

EGP 7 bn
in total AUM as of December 2012

- CIAM was named "Best Asset Manager in Egypt" by *EMEA Finance* for the second year running on the back of its focus and innovation in launching Rakhaa and maintaining Osoul's leading performance during 2012.
- Osoul maintained its position among the top 3 money market funds in Egypt for the fifth consecutive year.
- The BLOM money market fund maintained its first place ranking among all money market funds in Egypt for the second consecutive year.
- Thabat ranked first in its category of fixed income funds.

Diversification in products and client base:

- CIAM's range of funds and portfolios cover nearly every asset class in the Egyptian market, including equity (Islamic and non-Islamic), money market (Islamic and non-Islamic), fixed income and capital protected.
- CIAM currently manages funds and portfolios on behalf of a wide range of clients, including public and private banks, governmental institution, insurance companies and corporate entities.
- Launch of Rakhaa, the first Sharia-compliant money market fund in Egypt, with a 2.7x covering ratio and EGP 318 million in assets under management as of year-end 2012.
- Added EGP 450 million in assets under management through a new fixed income portfolio.
- New fixed income fund to be launched by Q1 2013.

Internal operational enhancements:

- Disaster recovery and business continuity plans were implemented during 2012, preparing CIAM to perform its responsibilities and provide the best service to clients under any circumstances.
- Applied for ISAE 3402 (International Standards on Assurance Engagement).

Investment Banking

Building on an investment banking tradition that dates back to 1991, CI Capital Investment Banking (CIIB) offers some of the most focused, experienced and professional advisory and execution capabilities in Egypt.

As CIB's investment banking arm, CIIB enjoys a unique position in terms of access to deal flow, unparalleled sector, industry and company knowledge, and the ability to access, raise and structure equity and debt capital.

CIIB's investment banking services include:

Equity Capital Markets (ECM)

- Private placements
- Initial public offerings
- Follow-on offerings
- ADR / GDR listings
- Valuation advisory

The business underwent a significant restructuring exercise that centered on bolstering the senior leadership team.

Mergers & Acquisitions (M&A)

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

Debt Advisory (in collaboration with CIB)

- Securitizations
- Corporate bonds
- Debt raising advisory

2012 Accomplishments:

Despite the challenges facing equity and debt capital markets and other investment banking activity in Egypt during 2012, CIIB had a transformative year during which the business underwent a significant restructuring exercise that centered on bolstering the senior leadership team. Two managing directors were hired to lead the transformation of the franchise, bringing a combined 27 years of experience at top-ranked regional and international financial institutions.

With a new leadership in place, coupled with important enhancements across the CI Capital platform, CIIB has repositioned itself as the leading investment bank in Egypt, targeting high profile and complex transactions and establishing new relationships with key corporate clients. During the year, CIIB was selected as lead advisor on a number of landmark M&A and ECM transactions, including several cross-border deals. In addition, CIIB is in the final stages of closing two transactions with completion projected during Q1 2013.

CIIB aims to develop its franchise as the market leader in M&A and ECM transactions, while continuing to enhance its transactions pipeline with high quality mandates and leveraging the relationship with CIB to offer clients one-stop-shop financial solutions and strategic financial counseling at the highest level.

CI Capital Research

The Research Department was founded in 1998 for the purpose of producing equity research reports covering listed Egyptian entities for our institutional and retail clients. In 2005, the unit was renamed CI Capital Research (CICR) and integrated into CI Capital Holding.

The CICR team comprises some of the most experienced equity analysts in the region, with a cumulative 48 years of experience in equity research in the MENA area. Our team covers various industries in Egypt and the GCC countries, specializing in comprehensive industry reports and company-specific notes that aim to generate profitable investment ideas for our clientele. In addition, the macro and strategy team tracks, analyzes and forecasts macroeconomic indicators, and identifies investment opportunities across sectors and countries.

EGYPT FACTORS

Egypt Factors

Profile

Egypt Factors (EGF) is a joint venture between Commercial International Bank (CIB) and Malta-based FIMBank plc. Each entity owns 40% of the joint venture, with the International Finance Corporation (IFC) — a member of the World Bank Group — holding the remaining 20%. EGF is the first non-banking financial institution in Egypt to purely specialize in factoring, and is the first registered company on the Egyptian 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 that end, Egypt Factors provides a comprehensive package of receivables management services that consist of the following:

- Administration & Commercial Collection: EGF will undertake all debtor book-keeping and collection measures, as well as monitoring and following up on all outstanding invoices. With the company's coverage extending to over 80 countries around the world, including Egypt, EGF is able to bridge differences in culture, language, market habits and legal environment through a comprehensive network of more than 390 correspondents worldwide.
- Funding: EGF will advance up to 90% of all covered receivables. This turns sales on credit terms into cash sales. As cash flows improve, client flexibility increases.
- Debt Protection: EGF guarantees 100% payment up to a limit established for each buyer, and will settle covered undisputed receivables if not paid after a defined period from the due date. Buyers are under periodic evaluation to make sure that upcoming risks are recognized on time.

Target Market

The company targets producers / manufacturers, traders and service providers who conduct transactions based on short-term deferred payments. EGF also offers services to domestic buyers from local or foreign sources, which benefit from the increased purchasing power without tying up banking facilities.

For large corporations, factoring is advantageous in that it provides value-added services and non-recourse funding to improve risk position, business efficiency and financial ratios. Factoring is also considered highly beneficial to mid-cap companies in terms of liquidity and growth.

2012 Accomplishments

Despite the turbulence that rocked both the global markets and Egypt's economy over the past two years, Egypt Factors has succeeded in maintaining its business portfolio and achieving almost 100% growth during FY 2012.

The company managed to capitalize on current circumstances by divesting and replacing more than 40% of its portfolio to minimize risk and enhance profitability.

According to Factors Chain International (FCI) statistics, EGF has, for the fourth consecutive year, achieved the highest volume of international trade handled through the FCI network among all Egyptian factoring companies.

Ongoing Forward Strategy

With a positive outlook for domestic growth and stability and a more congenial global environment expected over the coming year, Egypt Factors aims to double its volume while focusing on providing value-added services to its clients. Long-term, Egypt Factors aims to become a leading commercial 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 was a pioneer in introducing unit-linked products to the Egyptian market and remains the leader in this segment today.

Leveraging on the combined strength of its two respected shareholders, UK's Legal & General 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.

2012 Performance

CIL currently insures the lives and provides retirement savings programs for more than 389,000 and 21,000 individuals respectively. Revenue increased significantly in 2012 despite tough market conditions and distressed circumstances. Moreover, a range of system and process enhancements were implemented to improve customer service and transparency.

Forward Strategy

Going forward, CIL is determined to maintain its strategy to:

- Build a strong and vibrant company through sustained growth in the sale of profitable products to individual and corporate customers.
- Deliver innovative value-for-money protection and savings products, aimed at satisfying the needs of clients.
- Provide exceptional customer service, professional growth and fulfillment of employees, and improved quality of life in the community.
- Contribute materially to CIB's revenue base with strong sales growth, high policy persistency and maximization of synergies with CIB affiliate companies.

Falcon Group

Falcon Group is a joint venture between CIB, the CIB Employees Fund, Al Ahly for Marketing and Services and other private entities. CIB owns 40%, the Employees Fund 16%, Al Ahly for Marketing and Services 6%, while other shareholders own the remaining 38%.

Products

Falcon Group includes six companies:

Falcon Security Services Company

- Properties and Premises Protection
- Public Event Security
- Personal Protection
- Security Dogs
- Corporate Security Training Courses
- Female Guards
- Safety Training
- Industrial Security

Falcon Tech. for Technical Services and Security

- Security Surveillance Equipment
- Counter Surveillance Equipment
- Access Control Equipment
- Fire Systems
- Safety Equipment
- Security Fences

Falcon for Money Transfer Services

- Cash Management and Transit
- ATM Services
- Money Processing
- Valuables Transfer

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
- Haaj and Omrah

Falcon for Public Services and Project Management

- Cleaning and Housekeeping
- Pest Control
- Planting and Trimming
- Maintenance

Falcon for Investment and Sports Marketing

- Organizing tournaments and event conferences, festivals, exhibitions and a wide range of sports, cultural, social, artistic and religious activities.
- Preparing events and supplying equipment and supplies such as sports equipment, stationery and any other supplies needed by Falcon Clients.

Target Market

In order to better meet security and service needs, organizations are increasingly considering the use of managed service providers for some or all of their activities. Companies operating in diverse sectors of the economy, including tourism, banking, commerce and public services view security and property management as essential components of their day-to-day operations. Falcon Group has developed a unique bouquet of high-quality services to meet diverse market needs. Every year, Falcon Group expands its service offering to ensure clients remain fully satisfied and confident that Falcon is the number one choice in terms of efficiency and customer service.

Falcon has developed a long-standing, positive relationship with governmental authorities and entities and is licensed by the Ministry of State for Administrative Development to provide Concierge and Governmental Services such as national IDs, passports and drivers licenses.

Expanded Market Presence

Falcon aspires to maintain its market leadership by growing both organically and through acquisitions. With an eye on local and regional expansion, Falcon plans to establish operations in at least two new locations annually. Expansions have taken place primarily in the Delta and Upper Egypt, but plans are currently underway to further expand Falcon's footprint in the coming four years within Greater Cairo, which we consider a cash intensive area with a large number of high-growth financial institutions that will be in need of cash handling solutions.

2012 Group Accomplishments

Falcon currently represents 28% of the money transfer market in Egypt. In 2012, our monthly transferred volume of cash reached over EGP 7 billion, our monthly transferred valuables were worth more than EGP 46 million and our daily sorting and counting operations covered more than EGP 250 million. We also provided ATM replenishment and maintenance services for 350 ATMs throughout Egypt. In the area of Public Services and Project Management, Falcon holds a market share of 9%, serving a large client base out of 201 different locations in 2012. Our Security Services Group has a 25% market share, and continues to be a trustworthy provider to clients in 475 locations, despite the increased political tension and heightened security situation in Egypt.

We have opened two new branches, one in Maadi and another cash center in the Fifth Settlement. Our total turnover increased by 47% to reach EGP 144.3 million.

Strategy Going Forward

Decentralization: Falcon has opened two new branches in 2012 and will open an additional four by the end of 2013. This decentralization will help us achieve greater control over costs, thereby ensuring our ability to continue providing high quality services at competitive prices.

Falcon is developing a uniform for all operations staff to improve employee appearance and increase efficiency and productivity. Falcon also provides incentive training to maintain a high level of service and to keep up to date with the latest developments in Egypt.

Falcon's call center will operate 24/7, analyzing client data and administering satisfaction surveys to guarantee a maximum level of client satisfaction.

Superior Corporate Governance

Group organization is characterized by a decentralized structure where each division is held responsible for its own performance with respect to both profitability and business development. We are continuously working to improve the efficiency and profitability of our branch offices, with a clear target to increase service revenues by 2014.

Falcon is committed to safeguarding the well-being of its employees. We have created a well-functioning structure and utilized systematic procedures for identifying and minimizing the risk of employee harm.

Corporate Leasing Company (Egypt) SAE – CORPLEASE

CORPLEASE, established in 2004, is one of the top three financial leasing companies in Egypt. The company provides classic finance and operating lease products to the SME sector as well as to the corporate sector at large. CORPLEASE also provides fleet management and vendor finance products as well as structured leasing products. The company covers all of Egypt through its offices in Cairo, Alexandria, Mansoura, Assiut, Hurghada and Suez (the last two in early 2013). In addition, the Company established a fully owned subsidiary in Dubai, incorporated in the Dubai International Financial Center (DIFC).

While 2011 saw CORPLEASE achieve robust new lease bookings, volumes in 2012 were impacted by the political and economic circumstances, which led to increased credit risk and to lower demand for medium and long term financing. Despite these developments, the company retained a robust and healthy portfolio and has a strong pipeline going into 2013. CORPLEASE enacted another capital increase in 2012, in line with its established policy of annual equity increases, and continues to enjoy a strong financial position with favorable coverage, liquidity, capitalization and funding ratios.

CORPLEASE continues to place significant emphasis on developing its automation, risk and internal controls. The company invests continuously in the development and training of its professional staff through dedicated in-house and outside training activities and the company believes that the quality of its people, operating practices and controls are the best in the industry.

Fostering productivity and innovation

More than 4,500 staff members participated in new training programs.

Corporate Governance

We at CIB firmly believe that good governance is a cornerstone of our success as it assures the alignment of interests of shareholders and managers and the monitoring of management through the dissemination of information and transparent reporting. Corporate governance is the underlying framework within which our five-year plan is being implemented. As such, we have developed a sound reporting system that guarantees timely, transparent and accurate disclosure of 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 Central Bank of Egypt directives on corporate governance as well as international best practices that increasingly separate 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 the Bank's business lines and ensuring smooth day-to-day running of operations and execution of the 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 greater capacity for the Chairman to focus on the strategic direction of the Bank. Mr. Ramez remained with CIB until early in Q1 2013, participating actively in the Bank's corporate governance. He has since left the Bank to serve as Governor of the Central Bank of Egypt.

Good governance is a cornerstone of our success as it assures the alignment of interests of shareholders and managers and the monitoring of management through the dissemination of information and transparent reporting.

The Board of Directors: One of our key strengths is our prominent Board of Directors, which is 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 diverse knowledge base and a balanced skill set that gives CIB a distinct competitive edge. The Board primarily focuses on long-term financial returns and the best interest of all CIB's stakeholders: customers, shareholders and employees of the Bank, as well as the communities 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 accomplished through providing entrepreneurial leadership, sound strategies and risk management oversight to ensure that risks are assessed and properly managed. The Directors meet at least six times per year for discussions on matters that are important to shareholders. Over the course of 2012, CIB's Board met six times. Being the single largest shareholder in CIB, Actis — an emerging market private equity specialist — currently owns 9.14% of CIB's shares and has a representative on the Board.

Mr. Hisham Ezz Al-Arab

Chairman and Managing Director

Mr. Hisham Ezz Al-Arab has been leading CIB since 2002 as Chairman and Managing Director. Under his leadership, CIB expanded its leading position, grew its market capitalization from $200 million to $4 billion and evolved from a wholesale lender into the full fledged financial institution it is today. His vision transcended financial performance to include the adoption of best practices in corporate governance, risk management and instilling of a modern banking culture.

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. In 1999, Mr. Ezz Al-Arab joined CIB as Deputy Managing Director responsible for leading the Bank's modernization and restructuring efforts aimed at protecting its leading market position in the face of future changes. In 2002, he was promoted to the role of Chairman.

Mr. Ezz Al-Arab is a member of numerous organizations, including the Federation of Egyptian Industries, the American Chamber of Commerce in Egypt and the Board of Trustees of AUC. He 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.

Mr. Hisham Ramez Abdel Hafez

Vice Chairman and Managing Director

Mr. Ramez has over 30 of years' experience in international banking, with a strong background in asset and liability management, investment banking and risk management. He joined CIB in December 2011 as Vice Chairman and Managing Director and has brought to the role a considerable wealth of knowledge gained from a distinguished career with various local and international banks.

Prior to joining CIB, Mr. Ramez was 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. Afterwards, he assumed the role of Chairman and Managing Director of the Suez Canal Bank until June 2008.

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

Dr. William Mikhail

Non-Executive Board Member

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, Jordan, 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

Counsellor 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

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

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 economics, 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), an MBA from New York University (with Distinction) and a PhD from Wharton School of Business, University of Pennsylvania, USA.

Mr. Paul Fletcher

Non-Executive Board Member

Mr. Fletcher is a Senior Partner of Actis, leading the firm, which he joined in 2000, from its London headquarters. Originally a banker with Cargill, Banker's Trust and Swiss Bank Corporation, 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.

Mr. Robert Willumstad

Non-Executive Board Member

Mr. Willumstad is the Co-founder and Partner of Brysam Global Partners since 2007. –From 2007 to 2008, he served as 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. He was named Citigroup's president in 2002, joined its Board of Directors and became Citigroup's Chief Operating Officer until July 2005.

Prior to Citigroup, Mr. Willumstad 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 of both the American Scandinavian Foundation and Adelphi University.

Mr. Essam El Wakil

Non Executive Board Member

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

Mr. El Wakil served in various prominent banks such as: 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 28 years. He also held several senior banking positions and directorships in both Islamic and Commercial banks throughout the MENA region.

In 2008 Mr. El Wakil joined CIB 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 in CIB.

The Board of Directors' Committees

CIB's Board of Director's has five standing committees that assist the Board in fulfilling its responsibilities. Accordingly, the Board is provided with all necessary resources to enable them to carry out their duties in an effective manner. Each committee operates under a written charter that sets out its responsibilities and composition requirements.

Committee	Members	Key Responsibilities
Audit Committee Supervising the quality and integrity of CIB's financial reporting	**Chair:** William Mikhail **Members:** Mahmoud Fahmy Medhat Hassanein	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 stakeholders, 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 met five times in 2012.
The Governance and Compensation Committee Responsibility for corporate governance of CIB as well as Responsibility for the Board's performance evaluation, compensation and succession planning	**Chair:** Nadia Makram Ebeid **Members:** William Mikhail Mahmoud Fahmy Medhat Hassanein Paul Fletcher Robert Willumstad Essam El Wakil	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, performance, and strategy and control environment. The Governance and Compensation Committee (GCC) met two times in 2012.
The Risk Committee Supervising the management of risk of CIB	**Chair:** Robert Willumstad **Members:** Hisham Ramez Abdel Hafez Mark Richards Essam El Wakil	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 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 met four times in 2012.
The Management Committee Responsibility for execution of the Bank's strategy	**Chair:** Hisham Ezz Al-Arab **Members:** Hisham Ramez Abdel Hafez	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 of Institutional Banking, CEO of Consumer Banking and the COO. The Management Committee is responsible for executing the Bank's strategy as 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 regarding the Bank's financial and business activity reports as well as any key issues. The Management Committee met twelve times in 2012.
The High Lending and Investment Committee Responsibility for assets' allocation, quality and development	**Chair:** Hisham Ramez **Members:** Hisham Ramez Abdel Hafez	This 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 over assets allocation, quality and development. Per its mandate, the High Lending and Investment Committee convened weekly throughout 2012.

A local bank with international standards

559

new employees hired by CIB in 2012 from top-tier universities in Egypt and abroad.

Executive Management

Chief Executive Officers

Mr. Hisham Ezz Al-Arab
Chairman and Managing Director

Mr. Hisham Ezz Al-Arab has been leading CIB since 2002 as Chairman and Managing Director. Under his leadership, CIB expanded its leading banking position by increasing its market capitalization from USD 200 million to USD 4 billion and growing from a wholesale lender into the full-fledged financial institution that it is today. His vision was not just confined to financial performance. Mr. Ezz Al-Arab also spearheaded the wholesale adoption of best practices in corporate governance, risk management and the instilling of a modern banking culture at CIB.

Prior to joining CIB, Mr. Ezz Al-Arab led a distinguished banking career as Managing Director at leading international investment banks in London (Deutsche Bank, JP Morgan and Merrill Lynch), Bahrain, New York and Cairo. In 1999, Mr. Ezz Al-Arab joined CIB as Deputy Managing Director. In that role, he was responsible for leading the Bank's modernization and restructuring efforts aimed at protecting its leading market position in the face of industry changes. In 2002, he was promoted to the role of Chairman.

Mr. Ezz Al-Arab is a member of numerous organizations, including the Federation of Egyptian Industries, the American Chamber of Commerce in Egypt and the Board of Trustees of the American University in Cairo (AUC). He is also a member of MasterCard's South Asia, Middle East and Africa Region Advisory Board, and serves as Chairman of the Board of Trustees of the CIB Foundation.

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Mr. Ramez has over 30 of years' experience in international banking, with a strong background in asset and liability management, investment banking and risk management. He joined CIB in December 2011 as Vice Chairman and Managing Director and has brought to the role a considerable wealth of knowledge gained from a distinguished career with various local and international banks.

Prior to joining CIB, Mr. Ramez was 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. Afterwards, he assumed the role of Chairman and Managing Director of the Suez Canal Bank until June 2008.

> *CIB's world class executive management provides the Bank the unwavering leadership and strategic vision that has allowed it to maintain its position as Egypt's number one private sector bank.*

Mr. Ramez is a board member of the Arab Monetary Fund (AMF), the Egyptian American Business Council, the Egyptian Financial Supervisory Authority (EFSA), the Egyptian Exchange (EGX), the National Bank for Investment, the Coordinating Council of the Government of Egypt, the Central Bank of Egypt's (CBE) Anti Money Laundering Unit and Monetary Policy Committee, the National Organization for Social Insurance, 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. Toukhy began his career with CIB's Trade Finance Department in 1979. He has risen through the ranks, assuming positions in Operations, Branch Management and Corporate Banking. In July 2006, he was promoted to General Manager of Consumer Banking and has since led the CIB Branch Network and Retail Banking areas to unprecedented success.

During his tenure, CIB branches have grown in number to **156,** covering all key governorates in Egypt. Moreover, all of the Bank's Asset and Liabilities businesses are on solid growth trajectories, with CIB taking leadership positions in credit cards, auto loans, personal loans, current and saving accounts, time deposits, certificates of deposit and investment / insurance products. In terms of profitability, the Consumer Bank has increased its share of the Bank's net income from only 10% in 2006 to over 37% in 2012. Under Mr. Toukhy's leadership, CIB's Branch Network and Retail Banking Group grew its 2012 Consumer Banking balance sheet (B/E) to over EGP 60.9 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 his current role, 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 these positions, he has a long history with CIB where, as General Manager and Chief Risk Officer, he was responsible for Bank-wide Credit, Market and Operational Risk, and Investor Relations. Outside CIB, Mr. Abaza worked as Head of Research at EFG Hermes Asset Management from March 1995 until October 1999. He began his career at (Chase National Bank of Egypt), the forerunner to CIB. He holds a BA in Business Administration from the American University in Cairo (AUC).

Mr. Omar Khan
Chief Operating Officer

Mr. Omar Khan joined CIB in 2008 and currently holds the position of Chief Operating Officer. Mr. Khan has brought to CIB his considerable and diversified banking experience in Branch Management, Service and Quality, Treasury, Asset and Liability Management, Market Risk, and Strategic Planning and Finance. He has worked in the Middle East, Europe and Asia with leading institutions including Citibank. During his tenure with CIB, Mr. Khan has been responsible for implementing the Change Management agenda for the COO Area. This included Strategic Management, Process Re-Engineering, Service and Quality, Infrastructure Upgrades, Finance, as well as the implementation of the Bank's People Agenda.

[Developing our human resources]

More than **100** CIB managers and senior officers participated in the Bank's renowned management development programs in 2012.

Community Development

Throughout 2012, CIB continued its strong commitment to Corporate Social Responsibility (CSR) as evidenced by the wide range of CSR endeavors that the Bank undertook during the year.

Sponsoring Talent

In 2012 CIB collaborated with the Fine Arts Division at the Egyptian Ministry of Culture to endorse a new generation of young, talented artists. In this effort, a national art competition was organized to exhibit a collection of their artworks under the patronage of CIB. Portraying artwork from the competition, a book entitled "Egypt the Promise, Edition 2" was designed and published by CIB to commemorate the competition. Other CIB support for the Arts during the year came from the Bank's sponsorship of the Egyptian Philharmonic Society to support Egyptian musicians performing classical music.

Enactus

For the seventh consecutive year, CIB continued its long-standing partnership with Enactus (formerly Students in Free Enterprise-SIFE) to promote entrepreneurial solutions aimed at achieving sustainable improvements to the living standards of disadvantaged communities. Driven by students, academics and business leaders, business concepts are applied to socioeconomic problems – a process that not only helps the underprivileged, but also aids participating students' in the development of their leadership, teamwork, presentation, communication and other interpersonal skills. While cultivating a sense of service and responsibility towards their communities, students also get to develop their business and leadership skills. This year CIB sponsored both the Enactus special competition on "Business Ethics" as well as the one-day National Competition, where an array of teams from Egypt's most prominent universities competed for a chance to represent Egypt at the annual Enactus World Cup. We are pleased to announce that the Enactus Egypt team from the French University in Egypt came in second at the 2012 World Cup held in Washington, DC.

Community Health

In collaboration with the Children's Cancer Hospital 57357 and the Canadian Embassy, volunteers from the Bank participated in the four kilometer Terry Fox Run around the AUC campus. All proceeds from the event went towards children's cancer research at the 57357 Hospital.

On a similar note, CIB has been taking part in blood donation campaigns for a number of years to help meet blood transfusion needs in Egypt. Under the supervision of the Ministry of Health, CIB conducted a three day blood donation campaign at a number of its branches around Egypt and encouraged staff members to donate.

Environmental Awareness

On the environmental front, our main objective in 2012 was to ensure the implementation of the *CIB Going Green Program* at our head offices. The program aims to encourage environmentally friendly attitudes among CIB employees by promoting awareness on how to save paper, water, electricity and other consumables while encouraging positive changes in employees' habits. Our conservation efforts also included the introduction of energy saving lights and water-flow restrictors. Additionally, our Going Green drive in 2012 introduced an initiative at our Smart Village premises to ensure that all corporate branding displays are printed with eco-friendly ink along with all façade exhibits at CIB branches.

CIB is also working on launching various other sustainability initiatives based on its continued commitment to environmentally-friendly practices.

Employee Development

In the area of training and development, we focused on enhancing managerial skills for all executive levels. This involved the launching of two new programs:

1- The First Time Supervisors Program is designed to equip newly promoted managers with key principles and teamwork dynamics in order to perform effectively as supervisors.
2- The Middle Management Development Program emphasizes managing change, strengthening leadership skills and enabling middle managers to strategically align their thinking with CIB's vision and mission.

These newly-launched initiatives are now running alongside our two other management programs: the Consumer Banking Leadership Program that is specifically designed to bolster new talent in the Egyptian consumer banking sector, and the Leadership and Management Program (LAMP),, which aims at developing the leadership and management skills of senior managers.

Code of Conduct

CIB believes in creating an equal opportunity environment for all Bank employees, which is clearly reflected in our Code of Conduct. In addition to encouraging nondiscriminatory practices, our policies also prohibit any forms of harassment and intimidation. This is evident in the adoption of a whistle-blowing policy that provides the highest levels of confidentiality and indemnity when raising concerns about any irregularities.

Customer Experience Management

Managing and monitoring the quality of customers' experiences continues to grow in importance. Achieving success here has required a holistic approach with focus on:

- Delivery of Operational Excellence
- Focusing on Customer Experience
- Building Bank Capabilities

To enhance Operational Excellence we created and managed a framework for exceeding customer expectations through the monitoring and improvement of key processes. Close attention was paid to organizational enablers together with creating an environment that fosters customer satisfaction.

A service quality training was provided in three phases as part of staff orientation at the departmental and customer service levels. The training has positively impacted customers' experiences. Various methods have been adopted to collect customer feedback and document customer service throughout different areas of the Bank.

Customer satisfaction is a top priority for CIB. Complaints are investigated with utmost care through our Customer Care Unit and Complaints Investigation Division, which is managed by the Compliance Group. All shortcomings are promptly identified and resolved to ensure customer satisfaction.

Meeting Shareholder Expectations

CIB's Board consists of seven non-executives and two executive directors. The diverse backgrounds and experiences of the Board members presents added value and reflects the Bank's culture.

The Board is regularly updated on Bank activities and assesses performance against set strategic objectives. Prompt disclosure of financial and non-financial data is regularly provided in order to reinforce CIB's commitment to all of its stakeholders.

In conclusion, it is worth noting that CIB's well-established corporate governance policies, which ensure the independence of its compliance and risk functions, have demonstrated high levels of compliance with the new CBE Corporate Governance Guidelines for Egyptian Banks.

CIB Foundation

مؤسسة البنك التجاري الدولي
COMMERCIAL INTERNATIONAL BANK FOUNDATION

Now in its third year of operations, the CIB Foundation has successfully experienced exponential growth in its activities. Established in 2010 as a non-profit organization dedicated to enhancing health and nutritional services for underprivileged children in Egypt, and registered under the Ministry of Social Solidarity as per the Ministry's Decree No. 588 of 2010, the Foundation focuses on sustainable development initiatives that result in positive long-term outcomes.

Following the success of the CIB Foundation in 2011, CIB shareholders generously agreed to increase the percentage of CIB's net annual profit to the Foundation from 1% to 1.5%. This translated into a budget of over EGP 26 million being allocated to the CIB Foundation in 2012. With this funding, the CIB Foundation is making valuable contributions in the area of child health and nutrition through various multi-faceted initiatives, including renovating and upgrading hospital infrastructure, purchasing medical equipment and providing surgical and medicinal treatment to underprivileged children.

Additionally, the CIB Foundation actively supports its initiatives with contributions made to its dedicated fund raising account. Fully 100% of the donations made to the account go towards the implementation of development projects for children. Through the coordinated efforts of both CIB Foundation staff and dedicated CIB volunteers, the Foundation ensures its resources are used efficiently in order to reach the greatest number of beneficiaries.

Over the course of 2012, the Foundation's partnerships and initiatives included:

1. Children's Cancer Hospital 57357: Annual Donation

In 2009, CIB entered into a five-year partnership with the Children's Cancer Hospital 57357, under which EGP 2 million is donated to the hospital each year. In January 2012, the Foundation fulfilled its fourth year commitment to the hospital. The funds have been used for general operational purposes.

Numerous CIB volunteers also participated in two events sponsored by the Children's Cancer Hospital 57357, including the hospital's five-year anniversary, where volunteers distributed gifts to visiting cancer survivors and current hospital patients, as well as the third annual Terry Fox Run in Egypt, where all proceeds from the event went towards supporting children's cancer research at the hospital.

2. Magdi Yacoub Heart Foundation: Pediatric Intensive Care Unit

The Magdi Yacoub Heart Foundation has been a long-standing partner of both CIB and the CIB Foundation. In January 2011, a Cooperation Agreement was signed between the two foundations for the development and outfitting of a 10-bed Pediatric Intensive Care Unit (PICU) in Building 2 of the Aswan Heart Centre. The EGP 13 million PICU provides state-of-the-art post-operative care to neonates, infants and children up to 16 years old, free of charge. The CIB Foundation's donation covered the costs associated with the Unit's medical and non-medical equipment and, in return, was awarded with exclusive naming rights to the Unit. The PICU had a soft opening in November 2012, and the new building of the Aswan Heart Centre is expected to celebrate its grand opening in early 2013.

3. Friends of Abou El Reesh Children's Hospitals Organization: Intensive Care Unit

In November 2010, a Cooperation Agreement 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 11-bed unit, doubling the hospital's capacity to serve critical patients. The new ICU operates alongside the existing ICU, and provides quality service and care to patients from across the country. The new ICU celebrated its official opening in February 2012.

In August 2012, an EGP 2 million Cooperation Agreement was signed with the Friends of Abou El Reesh Children's Hospitals Organization to cover the annual operating expenses of the Foundation-funded ICU. The annual donation is used to support staff compensation, medical and administrative supplies, infection control, and for the provision of computers and other ICU equipment.

4. Rotary Kasr El Nile: One Thousand Eye Surgeries

Through the Rotary Kasr El Nile organization, the CIB Foundation has committed EGP 1.5 million to fund 1,000 eye surgeries for children through the Children's Right to Sight (CRTS) program. Operational for the past six years, CRTS is dedicated to eradicating blindness by supporting children and infants requiring immediate eye surgery. Through partnerships with the El Nour Eye Hospital in Mohandiseen and the Eye Care Hospital in Maadi, the CRTS team will oversee 1,000 various ophthalmological operations for underprivileged children. Payments for the first and second round of surgeries were completed in November and December 2012.

5. Gozour Foundation for Development: Eye Exam Caravans

In 2012, the CIB Foundation reaffirmed its partnership with the Gozour Foundation for Development, the non-governmental arm of the Center for Development Services (CDS). In August 2012, the Foundation donated EGP 478,170 to fund 10 eye exam caravans at public elementary schools in Cairo, Alexandria and Minya through the 6/6 Eye Exam Caravan Program. Through a partnership with the Alnoor Magrabi Foundation, the caravans are designed to provide public school students with eye exams, eyeglass frames and lenses, eye medication and in-depth eye-exams and referrals at private hospitals for complex cases. Each caravan is fully equipped with eye exam machines, 15-20 doctors, nurses, coordinators, a fully equipped pharmacy and an eyeglass shop. Each one-day caravan targeted 450 children, with a total of 4,500 children receiving free eye exams and care by the end of the project.

The caravans also presented valuable opportunities for volunteers from the CIB family to engage with the local community and spend quality time with the less privileged. Volunteers from head offices, regional offices and branches across the three governorates actively participated in the program.

> *CIB shareholders generously agreed to increase the percentage of CIB's net annual profit to the Foundation from 1% to 1.5%. This translated into a budget of over EGP 26 million being allocated to the CIB Foundation in 2012.*

6. Magdi Yacoub Heart Foundation: Children's Playroom

In August 2012, the CIB Foundation allocated EGP 2 million to the Magdi Yacoub Heart Foundation for the full sponsorship of the children's playroom in Building 2 of the Aswan Heart Centre. The room will be used by children during their pre-and post-operation period, and will be an area where parents can visit with their children. This partnership compliments the CIB Foundation's donation to support the Pediatric Intensive Care Unit located in the same building of the Centre.

7. Magdi Yacoub Heart Foundation: 100 Open-Heart Surgeries

In August 2012, the CIB Foundation allocated EGP 6 million to the Magdi Yacoub Heart Foundation to cover the costs associated with the open-heart surgeries of 100 children. Through this donation, the CIB Foundation was able to cover the costs for almost all children that had been on the open-heart surgery waiting list. The donation is being disbursed in two equal tranches, with the first tranche of EGP 3 million distributed in September 2012.

8. Friends of Abou El Reesh Children's Hospitals Organization: Blood Clinic

In 2011, the Friends of Abou El Reesh Children's Hospitals Organization turned to the CIB Foundation for support in renovating El Mounira Hospital's Blood Clinic. The CIB Foundation's EGP 800,000 donation was used to upgrade the roughly 700m² Blood Clinic by restructuring it to streamline movement, prevent overcrowding, provide adequate space for beds and chairs for blood transfusions, and provide a waiting area for family members. The donation also covered the costs of additional computers to develop an electronic patient database as well as supporting blood donation campaigns to offset the current blood supply deficit across Egypt. The renovated Blood Clinic is expected to open its doors in March 2013.

9. Yahiya Arafa Children's Charity Foundation: Annual Donation

The Yahiya Arafa Children's Charity Foundation is a long-standing partner of the CIB Foundation. In December 2012, the CIB Foundation donated EGP

1 million to the Yahiya Arafa Foundation for the upkeep of three previously-supported Pediatric Units at the Ain Shams University Hospital. The Yahiya Arafa Foundation has been instrumental in purchasing high-end equipment, as well as training the nurses and doctors working in these units. The CIB Foundation strongly believes in ensuring the sustainability of its projects, and believes that supporting the operations of the Yahiya Arafa Foundation will ensure the smooth running of the other supported units. The donation will be used to cover human resources, equipment maintenance, operating costs and academic research.

10. Zewail City of Science and Technology: Undergraduate Fellowship

In line with CIB and the CIB Foundation's commitment to community development and fostering quality in educational opportunities in post-revolution Egypt, the CIB Foundation established the 'CIB Foundation Fellowship for Science and Technology' at Zewail University. In the first phase of this partnership with the Zewail City of Science and Technology, the CIB Foundation Fellowship will support 50 of the top Egyptian public school graduates pursuing degrees in the sciences and engineering, at a total cost of EGP 5 million.

11. Bank Al-Kesaa: One Million Blankets Campaign

The One Million Blankets Campaign was initiated in 2012 in collaboration with Amr Adib's 'Cairo Today' talk show, Bank Al-Kesaa (Clothing Bank), Dar El Orman, and the Misr El Khair Foundation, in order to ensure that no Upper Egyptian went to sleep cold. In December 2012, the CIB Foundation made a contribution of EGP 500,000 to the national campaign through Bank Al Kesaa, a trusted organization with lengthy experience and success working in Upper Egypt, to provide 10,000 blankets to the children of the area.

Going forward, the CIB Foundation seeks to continue its commitment to enhancing health services for underprivileged children in Egypt, supporting mega projects in the health sector and providing world-class educational opportunities. The Foundation also seeks to expand its volunteer activities, and more actively involve CIB employees in its community development projects.

To read more about the projects that the CIB Foundation has helped support and ways in which you can contribute, please visit www.cibfoundationegypt.org or www.facebook.com/cibfoundation.

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 2012 , 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.

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

KPMG Hazem Hassan
Public accountants & consultants

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, 2012 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, 2012 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

Mostafa Hassan Farrag
Egyptian Financial Supervisory Authority
Register Number "99"
KPMG Hazem Hassan
Public Accountants & Consultants

Emad Hafez Ragheb
Egyptian Financial Supervisory Authority
Register Number "42"
Allied For Accounting & Auditing E & Y
Public Accountants & Consultants

Cairo, 19 February 2013

Commercial International Bank (Egypt) S.A.E

Separate balance sheet on December 31, 2012

	Notes	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
Assets			
» Cash and balances with Central Bank	15	5,393,974,124	7,492,064,510
» Due from banks	16	7,957,710,034	8,449,298,705
» Treasury bills and other governmental notes	17	7,978,030,413	9,213,390,067
» Trading financial assets	18	1,472,281,763	561,084,273
» Loans and advances to banks	19	1,178,867,739	1,395,594,609
» Loans and advances to customers	20	40,698,313,773	39,669,785,864
» Derivative financial instruments	21	137,459,761	146,544,656
Financial investments			
» Available for sale	22	21,161,884,032	15,412,566,069
» Held to maturity	22	4,205,753,328	29,092,920
» Investments in subsidiary and associates	23	938,033,700	995,595,778
» Investment property	24	10,395,686	12,774,686
» Other assets	25	2,459,025,844	1,518,509,876
» Deferred tax	33	129,133,209	95,141,726
» Property, plant and equipment	26	684,527,896	636,775,294
Total assets		**94,405,391,302**	**85,628,219,033**
Liabilities and equity			
Liabilities			
» Due to banks	27	1,714,862,716	3,340,794,517
» Due to customers	28	78,834,726,890	71,574,047,530
» Derivative financial instruments	21	119,099,260	114,287,990
» Other liabilities	30	2,034,351,571	1,313,785,436
» Long term loans	29	80,495,238	99,333,376
» Other provisions	31	310,648,113	264,625,909
Total liabilities		**83,094,183,788**	**76,706,874,758**
Equity			
» Issued and paid in capital	32	5,972,275,410	5,934,562,990
» Reserves	32	2,970,458,093	1,085,472,868
» Reserve for employee stock ownership plan (ESOP)		164,761,121	137,354,419
» Retained earnings		1,001,979	15,105,920
Total equity		**9,108,496,603**	**7,172,496,197**
» Net profit of the period / year after tax		2,202,710,911	1,748,848,078
Total equity and net profit for period / year		**11,311,207,514**	**8,921,344,275**
Total liabilities and equity		**94,405,391,302**	**85,628,219,033**
Contingent liabilities and commitments			
» Letters of credit, guarantees and other commitments	37	**14,897,789,005**	**12,559,603,516**

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

Hisham Ezz El-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Separate income statement for the year ended on December 31, 2012

	Notes	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Interest and similar income		7,845,913,494	5,459,248,277
» Interest and similar expense		(3,945,237,550)	(2,780,703,161)
Net interest income	6	**3,900,675,944**	**2,678,545,116**
» Fee and commission income		942,867,320	865,620,940
» Fee and commission expense		(107,365,742)	(87,451,431)
Net income from fee and commission	7	**835,501,578**	**778,169,509**
» Dividend income	8	32,234,196	59,921,078
» Net trading income	9	565,727,965	368,912,520
» Profit (Losses) from financial investments	22	(116,514,246)	19,799,495
» Administrative expenses	10	(1,444,645,467)	(1,336,701,608)
» Other operating (expenses) income	11	(109,790,791)	(68,220,065)
» Impairment (charge) release for credit losses	12	(609,971,077)	(320,648,863)
Net profit before tax		**3,053,218,102**	**2,179,777,182**
» Income tax expense	13	(884,498,673)	(446,414,136)
» Deferred tax	33 & 13	33,991,482	15,485,032
Net profit of the year		**2,202,710,911**	**1,748,848,078**
Earning per share	14		
» Basic		3.53	2.43
» Diluted		3.47	2.39

Hisham Ezz El-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Separate cash flow for the year ended on December 31, 2012

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
Cash flow from operating activities		
» Net profit before tax	3,053,218,102	2,179,777,182
Adjustments to reconcile net profit to net cash provided by operating activities		
» Depreciation	167,225,901	185,074,214
» Impairment charge for credit losses	609,971,077	322,276,483
» Other provisions charges	51,616,932	4,217,707
» Trading financial investments revaluation differences	(78,642,848)	61,887,578
» Available for sale and held to maturity investments exchange revaluation differences	(60,242,239)	(60,380,784)
» Financial investments impairment charge (release)	7,902,478	(58,080,987)
» Utilization of other provisions	(12,294,615)	(3,412,238)
» Other provisions no longer used	(531,054)	(48,748,110)
» Exchange differences of other provisions	7,230,941	2,329,620
» Profits from selling property, plant and equipment	(2,387,583)	(2,716,747)
» Profits from selling financial investments	(519,013)	(37,608,880)
» Profits from selling associates	-	(1,873,813)
» Exchange differences of long term loans	-	164,818
» Shares based payments	79,068,829	77,459,887
» Investments in subsidiary and associates revaluation	89,736,000	18,430,000
» Real estate investments impairment charges (release)	(371,000)	400,000
Operating profits before changes in operating assets and liabilities	**3,910,981,908**	**2,639,195,930**
Net decrease (increase) in assets and liabilities		
» Due from banks	521,695,379	(1,857,455,963)
» Treasury bills and other governmental notes	758,289,224	(1,729,254,403)
» Trading financial assets	(832,554,642)	799,066,990
» Derivative financial instruments	13,896,165	(6,543,758)
» Loans and advances to banks and customers	(1,421,772,116)	(6,213,116,023)
» Other assets	(948,385,056)	(92,518,310)
» Due to banks	(1,625,931,801)	2,018,514,608
» Due to customers	7,260,679,360	8,094,163,906
» Other liabilities	(163,932,538)	(261,547,906)
Net cash provided from operating activities	**7,472,965,883**	**3,390,505,071**
Cash flow from investing activities		
» Purchase of subsidiary and associates	(32,173,922)	(16,834,427)
» Proceeds from selling subsidiary and associates	-	1,000,000
» Purchases of property, plant and equipment	(204,721,832)	(153,108,029)
» Redemption of held to maturity financial investments	-	271,802,813
» Purchases of held to maturity financial investments	(4,176,660,408)	(5,000,000)
» Purchases of available for sale financial investments	(10,163,193,809)	(4,535,816,259)
» Proceeds from selling available for sale financial investments	5,343,312,219	2,172,867,695
» Proceeds from selling real estate investments	2,750,000	15,520,978
Net cash generated from (used in) investing activities	**(9,230,687,752)**	**(2,249,567,229)**

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
Cash flow from financing activities		
» Increase (decrease) in long term loans	(18,838,138)	(29,944,867)
» Dividend paid	(806,206,521)	(841,922,204)
» Capital increase	37,712,420	33,119,390
Net cash generated from (used in) financing activities	**(787,332,239)**	**(838,747,681)**
» Net increase (decrease) in cash and cash equivalent	(2,545,054,108)	302,190,161
» Beginning balance of cash and cash equivalent	8,081,134,203	7,778,944,041
Cash and cash equivalent at the end of the period	**5,536,080,095**	**8,081,134,202**
Cash and cash equivalent comprise:		
» Cash and balances with Central Bank	5,393,974,124	7,492,064,510
» Due from banks	7,957,710,034	8,449,298,705
» Treasury bills and other governmental notes	7,978,030,413	9,213,390,067
» Obligatory reserve balance with CBE	(3,093,283,199)	(3,014,779,811)
» Due from banks (time deposits) more than three months	(4,637,273,016)	(5,237,471,784)
» Treasury bills with maturity more than three months	(8,063,078,261)	(8,821,367,485)
Total cash and cash equivalent	**5,536,080,095**	**8,081,134,202**

Commercial International Bank (Egypt) S.A.E

Separate statement of changes in shareholders' equity for the year ended on December 31, 2011

Dec. 31, 2011	Capital	Legal reserve	General reserve	Retained earnings (losses)	Special reserve	Reserve For A.F.S investments revaluation diff.	Banking risks reserve	Net profit of the year	Reserve for employee stock ownership plan	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)	(1)
» 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

Separate statement of changes in shareholders' equity for the year ended on December 31, 2012

Dec. 31, 2012	Capital	Legal reserve	General reserve	Retained earnings (losses)	Special reserve	Reserve For A.F.S investments revaluation diff.	Banking risks reserve	Net profit of the year	Reserve for employee stock ownership plan	Total EGP
» Beginning balance	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
» Capital increase	37,712,420	-	-	-	-	-	-	-	-	37,712,420
» Transferred to reserves	-	87,306,567	794,689,187	-	2,716,747	-	-	(833,050,374)	(51,662,127)	-
» Dividend paid	-	-	-	(15,105,920)	-	-	-	(791,100,601)	-	(806,206,521)
» Net profit of the year	-	-	-	-	-	-	-	2,202,710,911	-	2,202,710,911
» Transfer from special reserve	-	61,697,292	8,143,225	1,001,979	(70,842,496)	-	-	-	-	-
» Addition from financial investment revaluation	-	-	-	-	-	876,577,599	-	-	-	876,577,599
» Transferred to bank risk reserve	-	-	-	-	-	-	(177,972,687)	177,972,687	-	-
» Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	79,068,829	79,068,829
Balance at the end of the year	**5,972,275,410**	**380,348,755**	**2,037,107,372**	**1,001,979**	**117,805,566**	**153,506,781**	**103,716,932**	**2,380,683,598**	**164,761,121**	**11,311,207,514**

Notes to the separate financial statements for the year ended on December 31, 2012

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 112 branches, and 44 units employing 4867 employees on 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 financial assets and liabilities classified as trading or 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, 2012 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

2.2.1. 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.

2.2.2. 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

2.4.1. Functional and presentation currency

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

2.4.2. Transactions and balances in foreign currencies

The Bank maintains its accounting records in Egyptian pound. Transactions in foreign currencies during the period are translated into the Egyptian pound using the prevailing exchange rates on 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'.

Valuation differences resulting from the non-monetary items include gains and losses of the change in fair value of such equity instruments held at fair value through profit and loss, as for recognition of the differences of valuation resulting from equity instruments classified as financial investments available for sale within the fair value reserve in equity.

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.

2.5.1. 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 categorized 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:

- When the designation eliminates or significantly reduces measurement and recognition inconsistencies that would arise from measuring financial assets or financial liabilities, 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.

2.5.2. 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:

- Those that the Bank intends to sell immediately or in the short term, which is classified as held for trading, or those that the Bank upon initial recognition designates as at fair value through profit and loss.
- Those that the Bank upon initial recognition designates and available for sale; or
- Those for which the holder may not recover substantially all of its initial investment, other than credit deterioration.

2.5.3. 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.

2.5.4. 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 recognized 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 recognized at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognized 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 derecognized 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, 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 recognized 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 recognized in equity is recognized 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 have been recognized previously in equity, are treated based on the following:

- 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.
- In the case of financial asset which has infinite life, any previously recognized profit and 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 recognized amounts and there is an intention to be settled on a net basis.

Agreements of repos & reverse repos are shown by the net in the financial statement in treasury bills and other governmental notes.

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 contract as at fair value through net trading income through profit and loss.

The timing method 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 and loss immediately together with any changes in the fair value of the hedged asset or liability that is 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 and 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 and 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 amortized 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 according to the following:

- When all arrears are collected for consumer loans, personnel mortgages and micro-finance loans.
- When calculated interest for corporate are capitalized according to the rescheduling agreement conditions until paying 25% from rescheduled payments for a minimum performing period of one year, if the customer continues to perform, the calculated interest will be 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 and the purchase or sale of properties are recognized upon completion of the underlying transaction in the income statement .

Other management advisory and service fees are recognized based on the applicable service contracts, usually on accrual basis. Financial planning fees related to investment funds are recognized 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 recognized on the accrual basis also.

2.10. Dividend income

Dividends are recognized in the income statement when the right to collect it is declared.

2.11. Sale and repurchase agreements

Securities may be lent or sold according to a commitment to repurchase (Repos) are reclassified in the financial statements and deducted from treasury bills balance. Securities borrowed or purchased according to a commitment to resell them (Reverse 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 rate method.

2.12. Impairment of financial assets

2.12.1. Financial assets carried at amortised cost

The Bank assesses on 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/s 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 (e.g, 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 is 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 recognized 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 collateralized 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 be reflected together with changes in related observable data from period to period (e.g. 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.

2.12.2. Available for sale investments

The Bank assesses on 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 became 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 and 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 recognized 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

Lands 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, on 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 amortized -except goodwill- and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 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.

2.16.1. 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'.

2.16.2. 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 recognized 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 on 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 recognized 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, performance conditions and market performance conditions are taken into account when estimating the fair value of equity instruments on the date of grant. On each balance sheet date the number of options that are expected to be exercised are estimated. Recognizes 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 and loss for the period 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 on 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 on 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 recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost also any difference between proceeds net of transaction costs and the redemption value is recognized 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

Comparative figures have been adjusted to conform with changes in the presentation of the current period where necessary.

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 analyze 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 centralized 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

3.1.1.1. 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 on the balance sheet date (the 'incurred loss model') rather than expected losses (note 3.1).

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.

3.1.1.2. 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:

3.1.2.1. Collateral

The Bank sets 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.

3.1.2.2. 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 favorable 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.

3.1.2.3. 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 favorable 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.

3.1.2.4. 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 collateralized 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 has been incurred on 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	December 31, 2012		December 31, 2011	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1-Performing loans	90.00	40.85	91.13	42.26
2-Regular watching	5.89	8.56	4.32	4.70
3-Watch list	0.48	2.01	1.74	3.70
4-Non-Performing loans	3.63	48.58	2.81	49.34

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, 2012 EGP	Dec. 31, 2011 EGP
» Treasury bills and other governmental notes	11,153,742,074	10,653,390,067
Trading financial assets:		
» Debt instruments	1,138,056,688	353,860,497
» Gross loans and advances to banks	1,208,166,369	1,433,545,112
» Less:Impairment provision	(29,298,630)	(37,950,503)
Gross loans and advances to customers		
Individual:		
» Overdraft	1,220,222,219	952,982,877
» Credit cards	660,932,044	575,672,905
» Personal loans	3,616,553,758	2,659,469,004
» Mortgages	463,833,879	419,990,050
» Other loans	20,045,324	40,265,000
Corporate:		
» Overdraft	4,288,571,348	4,239,213,684
» Direct loans	23,196,204,054	24,265,367,037
» Syndicated loans	9,588,649,990	8,245,001,963
» Other loans	87,795,754	101,625,796
» Unamortized bills discount	(22,277,973)	(45,231,397)
» Impairment provision	(1,901,222,402)	(1,419,409,102)
» Unearned interest	(520,994,222)	(365,161,953)
» Derivative financial instruments	137,459,761	146,544,656
Financial investments:		
» Debt instruments	24,849,111,471	14,898,586,881
» Investments in subsidiary and associates	938,033,700	995,595,778
Total	**80,093,585,206**	**68,113,358,352**
Off balance sheet items exposed to credit risk		
» Financial guarantees	2,276,369,133	2,219,596,241
» Customers acceptances	1,176,928,870	542,833,642
» Letter of credit	933,297,936	753,154,858
» Letter of guarantee	12,787,562,199	11,263,615,016
Total	**17,174,158,138**	**14,779,199,757**

The above table represents the Bank Maximum exposure to credit risk on December 31, 2012, before taking account of any held collateral.
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 52.46% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 32.45%.

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

- 95.88% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 96.37% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP 1,609,976,311.
- The Bank has implemented more prudent processes when granting loans and advances during the financial period ended on December 31, 2012.
- 94.29% of the investments in debt Instruments are Egyptian sovereign instruments.

3.1.6. Loans and advances

Loans and advances are summarized as follows:

	Dec.31, 2012 EGP		Dec.31, 2011 EGP	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
» Neither past due nor impaired	40,779,399,095	1,176,571,369	39,842,142,236	1,403,385,688
» Past due but not impaired	785,027,964	-	478,696,381	-
» Individually impaired	1,578,381,311	31,595,000	1,178,749,699	30,159,424
Gross	**43,142,808,370**	**1,208,166,369**	**41,499,588,316**	**1,433,545,112**
Less:				
» Impairment provision	1,901,222,402	29,298,630	1,419,409,102	37,950,503
» Unamortized bills discount	22,277,973	-	45,231,397	-
» Unearned interest	520,994,222	-	365,161,953	-
Net	**40,698,313,773**	**1,178,867,739**	**39,669,785,864**	**1,395,594,609**

Impairment provision losses for loans and advances reached EGP 1,930,521,032.

During the period the Bank's total loans and advances increased by 3.30% .

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, 2012	Individual					Corporate					
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total loans and advances to customers	Total loans and advances to banks
Grades:											
» Performing loans	1,152,693,431	633,881,668	3,459,502,653	449,183,484	1,107,853	3,828,066,231	19,714,723,182	8,634,047,670	82,087,754	37,955,293,927	1,168,312,112
» Regular watching	39,975,851	12,960,108	35,395,626	-	16,959,188	147,548,565	1,762,255,708	431,680,704	79,991	2,446,855,741	-
» Watch list	9,922,637	3,940,508	20,441,412	-	-	8,557,078	-	135,043,296	-	177,904,931	-
» Non-performing loans	6,877,253	1,821,429	26,778,513	1,273,535	887,352	94,848,245	477,209,225	51,309,716	526,101	661,531,369	10,555,627
Total	**1,209,469,172**	**652,603,713**	**3,542,118,204**	**450,457,019**	**18,954,393**	**4,079,020,119**	**21,954,188,115**	**9,252,081,386**	**82,693,846**	**41,241,585,968**	**1,178,867,739**

EGP

Dec. 31, 2011	Individual					Corporate					
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total loans and advances to customers	Total loans and advances to banks
Grades:											
» Performing loans	914,099,870	504,245,089	2,520,780,760	405,378,706	257,257	3,864,636,142	21,076,435,294	7,751,395,350	94,689,384	37,131,917,853	1,377,362,064
» 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
» Watch list	8,206,398	3,278,950	11,356,577	-	-	22,334,115	646,624,356	-	101,526	691,901,922	-
» 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	**932,605,263**	**533,382,687**	**2,582,966,533**	**408,113,753**	**38,671,068**	**4,071,558,290**	**23,474,569,264**	**7,938,373,297**	**99,939,058**	**40,080,179,214**	**1,395,594,609**

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, 2012	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
» Past due up to 30 days	270,505,350	136,831,472	11,448,890	700,995	419,486,707	32,640,253	83,898,165	105,902,043	222,440,462
» Past due 30 - 60 days	40,136,708	13,690,593	2,585,035	91,626	56,503,962	4,432,342	7,374,788	-	11,807,130
» Past due 60-90 days	10,117,386	4,794,090	2,195,267	110,400	17,217,143	30,810,328	24,880,581	1,881,651	57,572,559
Total	**320,759,444**	**155,316,155**	**16,229,192**	**903,021**	**493,207,812**	**67,882,923**	**116,153,535**	**107,783,694**	**291,820,152**

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**

Individually impaired loans

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 1,609,976,311.

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:

EGP

Dec.31, 2012	Individual					Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total
» Individually impaired loans	14,487,332	6,412,436	89,037,818	11,086,723	1,244,270	238,462,451	1,065,770,440	179,994,670	3,480,171	1,609,976,311

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

• 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. Restructuring is commonly applied to term loans, specially customer loans. Renegotiated loans totaled at the end of the period

	Dec.31, 2012	Dec.31, 2011
Loans and advances to customer		
Corporate		
» Direct loans	2,924,873,000	2,780,557,000
Total	**2,924,873,000**	**2,780,557,000**

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 period, based on Standard & Poor's ratings or their equivalent:

EGP

Dec.31, 2012	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
» AAA	-	-	1,058,879,243	1,058,879,243
» AA- to AA+	-	-	140,720,779	140,720,779
» A- to A+	-	-	227,946,980	227,946,980
» Lower than A-	-	9,194,145	936,659,017	945,853,162
» Unrated	7,978,030,413	1,128,862,543	22,484,905,452	31,591,798,408
Total	**7,978,030,413**	**1,138,056,688**	**24,849,111,471**	**33,965,198,573**

3.1.8. Concentration of risks of financial assets with credit risk exposure

3.1.8.1. Geographical sectors

Following is a breakdown of the Bank's main credit exposure at their book values categorized by geographical region at the end of the current period.

The Bank has allocated exposures to regions based on the country of domicile of its counterparties.

EGP

Dec.31, 2012	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
» Treasury bills and other governmental notes	11,153,742,074	-	-	11,153,742,074
Trading financial assets:				
» Debt instruments	1,138,056,688	-	-	1,138,056,688
» Gross loans and advances to banks	1,208,166,369	-	-	1,208,166,369
» Less:Impairment provision	(29,298,630)	-	-	(29,298,630)
Gross loans and advances to customers				
Individual:				
» Overdrafts	750,010,323	447,045,445	23,166,451	1,220,222,219
» Credit cards	660,932,044	-	-	660,932,044
» Personal loans	2,401,536,267	1,107,474,070	107,543,421	3,616,553,758
» Mortgages	373,157,230	81,891,354	8,785,295	463,833,879
» Other loans	18,722,593	1,322,731	-	20,045,324
Corporate:				
» Overdrafts	3,451,485,639	835,548,706	1,537,003	4,288,571,348
» Direct loans	16,641,174,813	6,518,007,292	37,021,949	23,196,204,054
» Syndicated loans	8,933,686,091	654,963,899	-	9,588,649,990
» Other loans	77,751,440	10,044,314	-	87,795,754
» Unamortized bills discount	(22,277,973)	-	-	(22,277,973)
» Impairment provision	(1,901,222,402)	-	-	(1,901,222,402)
» Unearned interest	(403,955,322)	(115,616,300)	(1,422,600)	(520,994,222)
» Derivative financial instruments	137,459,761	-	-	137,459,761
Financial investments:				
» Debt instruments	24,849,111,471	-	-	24,849,111,471
» Investments in subsidiary and associates	938,033,700	-	-	938,033,700
Total	**70,376,272,176**	**9,540,681,511**	**176,631,519**	**80,093,585,206**

3.1.8.2. Industry sectors

The following table analysis the Group's main credit exposure at their book value categorized by the Bank customers activities.

EGP

Dec.31, 2012	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
» Treasury bills and other governmental notes	-	-	-	-	11,153,742,074	-	-	**11,153,742,074**
Trading financial assets:			-					
» Debt instruments	-	-	-	-	1,138,056,688	-	-	**1,138,056,688**
» Gross loans and advances to banks	1,208,166,369	-	-	-	-	-	-	**1,208,166,369**
» Less:Impairment provision	(29,298,630)	-	-	-	-	-	-	**(29,298,630)**
Gross loans and advances to customers								
Individual:								
» Overdrafts	-	-	-	-	-	-	1,220,222,219	**1,220,222,219**
» Credit cards	-	-	-	-	-	-	660,932,044	**660,932,044**
» Personal loans	-	-	-	-	-	-	3,616,553,758	**3,616,553,758**
» Mortgages	-	-	-	-	-	-	463,833,879	**463,833,879**
» Other loans	-	-	-	-	-	-	20,045,324	**20,045,324**
Corporate:								
» Overdrafts	18,910,846	1,041,423,477	1,433,946,715	436,503,237	15,352,845	1,342,434,228	-	**4,288,571,348**
» Direct loans	777,609,160	9,935,760,634	191,359,572	233,466,270	1,235,963,381	10,822,045,037	-	**23,196,204,054**
» Syndicated loans	-	4,851,917,087	639,406,158	-	-	4,097,326,745	-	**9,588,649,990**
» Other loans	-	64,098,900	-	-	-	23,696,854	-	**87,795,754**
» Unamortized bills discount	(22,277,973)	-	-	-	-	-	-	**(22,277,973)**
» Impairment provision	(128,579,309)	(764,716,560)	(39,181,037)	(7,246,465)	(13,019,431)	(824,933,622)	(123,545,978)	**(1,901,222,402)**
» Unearned interest	(12,224,835)	(242,497,842)	-	(10,970)	-	(232,244,585)	(34,015,990)	**(520,994,222)**
» Derivative financial instruments	137,459,761	-	-	-	-	-	-	**137,459,761**
Financial investments:								
» Debt instruments	1,484,547,000	-	-	-	23,364,564,470	-	-	**24,849,111,471**
» Investments in subsidiary and associates	938,033,700	-	-	-	-	-	-	**938,033,700**
Total	**4,372,346,089**	**14,885,985,696**	**2,225,531,408**	**662,712,072**	**36,894,660,028**	**15,228,324,657**	**5,824,025,256**	**80,093,585,206**

3.2. Market risk

Market risk represnted as fluctuations in fair value or future cash flow, 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, position taking 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 instrument and loans to which the fair value option has been applied.

3.2.1.1. 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 Day). 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, trading book, which have been approved by the board, and are monitored and reported on a daily basis to the Senior Management. In addition, monthly limits compliance is reported to the ALCO.

The Bank has developed the internal models used to calculate VaR and are not approved yet by the central bank as the regulator is still applying Basel I in parallel basis with the standardized market risk approach in Basel II.

3.2.1.2.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 trading Stress VaR, combined with trading 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

EGP

	Dec.31, 2012			Dec.31, 2011		
	Medium	High	Low	Medium	High	Low
» Foreign exchange risk	41,293	175,325	5,847	275,822	798,293	22,715
» Interest rate risk	69,880,113	81,920,976	58,491,659	19,970,380	25,574,668	15,047,233
» For non trading purposes	63,018,453	72,607,499	52,982,174	9,752,494	11,883,218	7,638,408
» For trading purposes	6,861,659	9,313,477	5,509,485	13,919,605	16,474,199	11,866,315
» Equities risk	199,809	253,871	149,646	1,659,204	1,762,596	1,488,630
» Investment fund	345,860	465,524	282,380	921,509	1,057,998	798,571
Total VaR	**69,926,059**	**81,958,286**	**58,537,533**	**20,406,187**	**26,002,691**	**15,490,695**

• Trading portfolio VaR by risk type

	Dec.31, 2012			Dec.31, 2011		
	Medium	High	Low	Medium	High	Low
» Foreign exchange risk	41,293	175,325	5,847	275,822	798,293	22,715
Interest rate risk						
» For trading purposes	6,861,659	9,313,477	5,509,485	13,919,605	16,474,199	11,866,315
» Equities risk	199,809	253,871	149,646	1,659,204	1,762,596	1,488,630
» Investment fund	345,860	465,524	282,380	921,509	1,057,998	798,571
Total VaR	**7,268,816**	**9,360,357**	**5,546,276**	**14,382,231**	**15,076,004**	**13,832,710**

• Non trading portfolio VaR by risk type

	Dec.31, 2012			Dec.31, 2011		
	Medium	High	Low	Medium	High	Low
Interest rate risk						
» For non trading purposes	63,018,453	72,607,499	52,982,174	9,752,494	11,883,218	7,638,408
Total VaR	**63,018,453**	**72,607,499**	**52,982,174**	**9,752,494**	**11,883,218**	**7,638,408**

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's financial position and cash flows are exposed to fluctuations in foreign currency exchange rates. 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.

Equivalent EGP

Dec.31, 2012	EGP	USD	EUR	GBP	Other	Total
Financial assets						
» Cash and balances with Central Bank	4,547,889,733	649,709,912	128,385,584	24,385,266	43,603,629	5,393,974,124
» Due from banks	53,493,996	5,049,101,786	2,401,041,621	402,155,264	51,917,368	7,957,710,034
» Treasury bills and other governmental notes	4,733,513,339	3,472,922,400	241,653,085	-	-	8,448,088,824
» Trading financial assets	1,447,209,884	9,194,145	-	-	15,877,734	1,472,281,763
» Gross loans and advances to banks	-	1,170,995,566	37,170,803	-	-	1,208,166,369
» Gross loans and advances to customers	25,149,379,935	17,249,717,628	698,370,716	37,776,260	7,563,832	43,142,808,370
» Derivative financial instruments	34,317,819	98,258,816	4,883,126	-	-	137,459,761
Financial investments						
» Available for sale	19,852,236,705	1,309,647,328	-	-	-	21,161,884,032
» Held to maturity	4,205,753,328	-	-	-	-	4,205,753,328
» Investments in subsidiary and associates	901,067,550	36,966,150	-	-	-	938,033,700
Total financial assets	**60,924,862,289**	**29,046,513,730**	**3,511,504,934**	**464,316,790**	**118,962,562**	**94,066,160,307**
Financial liabilities						
» Due to banks	1,362,866,273	351,304,112	650,505	41,825	-	1,714,862,716
» Due to customers	48,030,144,773	26,846,823,314	3,403,851,868	453,989,690	99,917,245	78,834,726,890
» Derivative financial instruments	12,295,409	102,612,684	4,191,167	-	-	119,099,260
» Long term loans	80,495,238	-	-	-	-	80,495,238
Total financial liabilities	**49,485,801,694**	**27,300,740,110**	**3,408,693,540**	**454,031,515**	**99,917,245**	**80,749,184,104**
Net on-balance sheet financial position	**11,439,060,595**	**1,745,773,620**	**102,811,394**	**10,285,275**	**19,045,318**	**13,316,976,202**

3.2.4. Interest rate risk

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 profit may 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.

Dec.31, 2012	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non-Interest Bearing	Total
Financial assets							
» Cash and balances with Central Bank	-	-	-	-	-	5,393,974,124	5,393,974,124
» Due from banks	3,724,249,373	4,039,063,382	41,664,325	-	-	152,732,954	7,957,710,034
» Treasury bills and other governmental notes*	(2,392,490,261)	2,359,738,000	8,480,841,085	-	-	-	8,448,088,824
» Trading financial assets	318,347,333	-	-	918,121,244	219,935,445	15,877,741	1,472,281,763
» Gross loans and advances to banks	72,394,428	751,920,402	383,851,539	-	-	-	1,208,166,369
» Gross loans and advances to customers	23,384,335,335	8,056,916,417	7,335,797,152	3,512,242,033	853,517,433	-	43,142,808,370
» Derivatives financial instruments (including IRS notional amount)	601,968,669	589,566,465	859,582,784	3,306,273,019	379,393,905	103,141,940	5,839,926,782
Financial investments							
» Available for sale	1,322,522,351	-	4,017,903,710	11,736,956,304	3,636,620,842	447,880,825	21,161,884,032
» Held to maturity	-	-	15,732,123	4,190,021,205	-	-	4,205,753,328
» Investments in subsidiary and associates	-	-	-	-	-	938,033,700	938,033,700
Total financial assets	**27,031,327,228**	**15,797,204,666**	**21,135,372,718**	**23,663,613,805**	**5,089,467,625**	**7,051,641,284**	**99,768,627,326**
Financial liabilities							
» Due to banks	1,360,467,819	-	-	-	-	354,394,897	1,714,862,716
» Due to customers	25,075,487,093	12,100,430,806	8,222,585,000	20,807,578,680	470,785,000	12,157,860,312	78,834,726,890
» Derivatives financial instruments (including IRS notional amount)	2,175,142,530	2,703,939,377	132,811,540	153,115,055	549,753,928	106,803,850	5,821,566,280
» Long term loans	-	-	59,508,571	20,986,667	-	-	80,495,238
Total financial liabilities	**28,611,097,442**	**14,804,370,183**	**8,414,905,111**	**20,981,680,402**	**1,020,538,928**	**12,619,059,059**	**86,451,651,124**
Total interest re-pricing gap	**(1,579,770,214)**	**992,834,483**	**12,720,467,607**	**2,681,933,403**	**4,068,928,697**	**(5,567,417,775)**	**13,316,976,202**

* After deducting Repos.

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 assets 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

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, 2012	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP
Financial liabilities						
» Due to banks	1,714,862,716	-	-	-	-	1,714,862,716
» Due to customers	11,526,810,962	9,736,841,059	20,452,119,693	35,809,584,757	1,309,370,420	78,834,726,890
» Long term loans	-	-	59,508,571	20,986,667	-	80,495,238
Total liabilities (contractual and non contractual maturity dates)	**13,241,673,678**	**9,736,841,059**	**20,511,628,264**	**35,830,571,424**	**1,309,370,420**	**80,630,084,844**
Total financial assets (contractual and non contractual maturity dates)	**9,874,255,242**	**12,497,060,088**	**22,097,635,946**	**39,608,844,700**	**9,940,640,568**	**94,018,436,544**

Dec.31, 2011	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP
Financial 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
Total liabilities (contractual and non contractual maturity dates)	**16,217,642,782**	**8,578,138,228**	**17,951,548,347**	**30,873,957,066**	**1,392,889,000**	**75,014,175,423**
Total financial assets (contractual and non 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**

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from CBE and due from banks, treasury bills, other government notes , loans and advances to banks and customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended.

In addition, debt instrument and treasury bills and other governmental notes have been pledged to secure liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

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: exchange traded options and over-the-counter (OTC) ,exchange traded forwards 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 of the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

EGP

Dec.31, 2012	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total
Liabilities						
Derivatives financial instruments						
» Foreign exchange derivatives	2,518,555	1,956,292	7,819,636	-	927	12,295,410
» Interest rate derivatives	-	189,039	1,584,638	7,178,710	97,717,438	106,669,824
Total	**2,518,555**	**2,145,330**	**9,404,274**	**7,178,710**	**97,718,365**	**118,965,234**

Off balance sheet items

EGP

Dec.31, 2012	Up to 1 year	1-5 years	Over 5 years	Total
» Letters of credit, guarantees and other commitments	10,332,483,593	3,239,319,148	1,325,986,263	14,897,789,005
Total	**10,332,483,593**	**3,239,319,148**	**1,325,986,263**	**14,897,789,005**

3.4. Fair value of financial assets and liabilities

3.4.1. 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, 2012	Dec.31, 2011	Dec.31, 2012	Dec.31, 2011
Financial assets				
» Due from banks	7,957,710,034	8,449,298,705	7,957,710,034	8,449,298,705
» Gross loans and advances to banks	1,208,166,369	1,433,545,112	1,208,166,369	1,433,545,112
Gross loans and advances to customers				
» Individual	5,981,587,224	4,648,379,836	5,981,587,224	4,648,379,836
» Corporate	37,161,221,146	36,851,208,480	37,161,221,146	36,851,208,480
Financial investments				
» Held to Maturity	4,205,753,328	29,092,920	4,205,753,328	29,092,920
» Total financial assets	56,514,438,101	51,411,525,053	56,514,438,101	51,411,525,053
Financial liabilities				
» Due to banks	1,714,862,716	3,340,794,517	1,714,862,716	3,340,794,517
» Due to customers	78,834,726,890	71,574,047,530	78,834,726,890	71,574,047,530
» Long term loans	80,495,238	99,333,376	80,495,238	99,333,376
Total financial liabilities	**80,630,084,844**	**75,014,175,423**	**80,630,084,844**	**75,014,175,423**

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 similar maturity date.

Loans and advances to banks

Loans and advances to banks represented in loans do not considering bank placing. 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

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 maturity date.

3.5 Capital management

For capital management purposes, the Bank's capital includes total equity as reported in the balance sheet plus some other 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 assets and contingent liabilities of the Bank.

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% 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 the increase in fair value than book value for available for sale , held to maturity , subsidiaries and associates 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 tier1.

Assets risk weight scale ranging from zero to 100% based on the counterparty risk 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 local capital adequacy requirements for the current year.

The tables below summarizes the compositions of teir 1, teir 2 and the capital adequacy ratio .

According to Basel I :

	Dec.31, 2012 In thousands EGP	Dec.31, 2011 In thousands EGP
Tier 1 capital		Restated
» Share capital (net of the treasury shares)	5,972,275	5,934,563
» General reserves	2,037,107	2,054,762
» Legal reserve	380,349	318,651
» Other reserve	203,498	(474,528)
» Retained Earnings	1,002	-
Total qualifying tier 1 capital	**8,594,231**	**7,833,448**
Tier 2 capital		
» General risk provision	689,829	692,088
» 45% of the Increase in fair value than the book value for available for sale and held to maturity investments	147,873	-
Total qualifying tier 2 capital	**837,702**	**692,088**
Total capital 1+2	**9,431,933**	**8,525,536**
Risk weighted assets and contingent liabilities		
» Risk weighted assets	50,040,545	50,175,825
» Contingent liabilities	5,145,814	5,191,197
Total	**55,186,359**	**55,367,022**
***Capital adequacy ratio (%)**	**17.09%**	**15.40%**

* Based on separate financial statement figures

According to Basel II :

	Dec.31, 2012 In thousands EGP
Tier 1 capital	
» Share capital (net of the treasury shares)	5,972,275
» Reserves	2,502,995
» Retained Earnings	(510,946)
» Total deductions from tier 1 capital Common Equity	(4,701)
Total qualifying tier 1 capital	**7,959,623**
Tier 2 capital	
» 45% of special reserve	53,011
» 45% of the Increase in fair value than the book value for available for sale and held to maturity investments	147,873
» Impairment provision for loans and regular contingent liabilities	708,329
Total qualifying tier 2 capital	**909,213**
Total capital 1+2	**8,868,836**
Risk weighted assets and contingent liabilities	
» Total credit risk	56,794,762
» Total market risk	1,994,960
» Total operational risk	6,460,913
Total	**65,250,635**
***Capital adequacy ratio (%)**	**13.59%**

* Based on consolidated financial statement figures and in accordance with Centeral Bank of Egypt regulation issued on 24 December 2012.

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 information.

4.1. Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment on monthly basis 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%

4.2. 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.

4.3. 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.

4.4. Held-to-Maturity investments

The non-derivative financial assets with fixed or determinable payments and fixed maturity are being classified held to maturity. This 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

5.1. 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.

EGP

Dec.31, 2012	Corporate banking	SME's	Investment banking	Retail banking	Total
» Revenue according to business segment	3,302,588,319	731,332,747	(273,334,474)	1,610,326,906	5,370,913,498
» Expenses according to business segment	(1,124,760,077)	(308,458,766)	(25,353,002)	(859,123,551)	(2,317,695,396)
Profit before tax	**2,177,828,242**	**422,873,981**	**(298,687,476)**	**751,203,355**	**3,053,218,102**
» Tax	(552,626,343)	(107,289,406)	-	(190,591,442)	(850,507,191)
Profit for the year	**1,625,201,899**	**315,584,575**	**(298,687,476)**	**560,611,913**	**2,202,710,911**
Total assets	**80,952,435,040**	**2,626,503,517**	**1,451,894,947**	**9,374,557,798**	**94,405,391,302**

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)
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**
Total assets	**74,621,790,612**	**2,143,523,905**	**1,533,773,854**	**7,329,130,662**	**85,628,219,033**

5.2. By geographical segment

EGP

Dec.31, 2012	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
» Revenue according to geographical segment	4,334,514,952	887,705,321	148,693,225	5,370,913,498
» Expenses according to geographical segment	(1,834,683,705)	(399,008,070)	(84,003,621)	(2,317,695,396)
Profit before tax	**2,499,831,247**	**488,697,251**	**64,689,604**	**3,053,218,102**
» Tax	(696,353,609)	(136,133,396)	(18,020,186)	(850,507,191)
Profit for the year	**1,803,477,638**	**352,563,855**	**46,669,418**	**2,202,710,911**
Total assets	**84,065,156,225**	**9,048,557,087**	**1,291,677,989**	**94,405,391,302**

Dec.31, 2011	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
» Revenue according to geographical segment	3,056,055,933	835,887,927	134,117,282	4,026,061,142
» Expenses according to geographical segment	(1,335,361,487)	(405,117,905)	(105,804,568)	(1,846,283,960)
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**
Total assets	**75,287,082,794**	**9,812,046,055**	**529,090,184**	**85,628,219,033**

6. Net interest income

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
Interest and similar income		
» Banks	132,463,454	142,055,284
» Clients	3,523,926,754	2,900,254,722
	3,656,390,208	**3,042,310,006**
» Treasury bills and bonds	4,013,129,815	2,229,154,572
» Reverse repos	17,423,270	22,223,513
» Financial investments in held to maturity and available for sale debt instruments	158,941,017	165,313,561
» Other	29,184	246,625
Total	**7,845,913,494**	**5,459,248,277**
Interest and similar expense		
» Banks	181,169,862	188,421,651
» Clients	3,449,311,643	2,567,289,984
	3,630,481,505	**2,755,711,635**
» Financial instruments purchased with a commitment to re-sale (Repos)	310,995,070	22,306,090
» Other	3,760,975	2,685,436
Total	**3,945,237,550**	**2,780,703,161**
Net interest income	**3,900,675,944**	**2,678,545,116**

7. Net income from fee and commission

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
Fee and commission income		
» Fee and commissions related to credit	470,471,721	431,874,322
» Custody fee	40,798,715	37,706,902
» Other fee	431,596,884	396,039,716
Total	**942,867,320**	**865,620,940**
Fee and commission expense		
» Other fee paid	107,365,742	87,451,431
Total	**107,365,742**	**87,451,431**
Net income from fee and commission	**835,501,578**	**778,169,509**

8. Dividend income

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Trading securities	578,098	874,720
» Available for sale securities	27,138,391	45,773,632
» Subsidiaries and associates	4,517,707	13,272,726
Total	**32,234,196**	**59,921,078**

9. Net trading income

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Profit (losses) from foreign exchange	249,583,425	293,331,214
» Profit (losses) from revaluations of trading assets and liabilities in foreign currencies	2,045,486	6,341,379
» Profit (Loss) from forward foreign exchange deals revaluation	6,669,087	16,779,398
» Profit (Loss) from interest rate swaps revaluation	212,030	(19,845)
» Profit (Loss) from currency swap deals revaluation	(2,963,355)	548,800
» Trading debt instruments	311,074,819	52,845,534
» Trading equity instruments	(893,527)	(913,960)
Total	**565,727,965**	**368,912,520**

10. Administrative expenses

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
Staff costs		
» Wages and salaries	684,521,699	599,054,292
» Social insurance	30,542,233	24,707,497
» Other benefits	30,941,993	38,341,470
» Other administrative expenses	698,639,542	674,598,349
Total	**1,444,645,467**	**1,336,701,608**

11. Other operating (expenses) income

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Profits (Losses) from non-trading assets and liabilities revaluation	36,631,170	(53,338,683)
» Profits (losses) from selling property, plant and equipment	2,387,583	2,716,747
» Release (charges) of other provisions	(51,085,880)	45,511,985
» Others	(97,723,664)	(63,110,114)
Total	**(109,790,791)**	**(68,220,065)**

12. Impairment (charge) release for credit losses

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Loans and advances to customers	(609,971,077)	(322,276,483)
» Held to maturity financial investments	-	1,627,620
Total	**(609,971,077)**	**(320,648,863)**

13. Adjustments to calculate the effective tax rate

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Profit before tax	3,053,218,102	2,179,777,182
» * Tax settlement for prior years	(65,137,014)	-
» Profit after settlement	2,988,081,089	2,179,777,182
» Tax rate	24.98%	From20%to25%
Income tax based on accounting profit	**746,520,272**	**544,444,295**
Add / (Deduct)		
» Non-deductible expenses	22,716,152	24,155,850
» Tax exemptions	(77,772,622)	(183,887,532)
» Effect of provisions	88,495,041	46,216,491
» Effect of depreciation	5,411,335	-
Income tax	**785,370,178**	**430,929,104**
Effective tax rate	**26.28%**	**19.77%**

****Tax claims for the year ended on December.31, 2011**

14. Earning per share

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Net profit for the period available for distribution	2,379,297,994	1,636,540,147
» Board member's bonus	(35,689,470)	(24,548,102)
» Staff profit sharing	(237,929,799)	(163,654,015)
Profits shareholders' Stake	**2,105,678,724**	**1,448,338,030**
» Number of shares	597,227,541	597,227,541
Basic earning per share	**3.53**	**2.43**
By issuance of ESOP earning per share will be:		
» Number of shares including ESOP shares	607,261,107	605,482,218
Diluted earning per share	**3.47**	**2.39**

15. Cash and balances with Central Bank

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Cash	1,744,700,680	1,891,659,489
Obligatory reserve balance with CBE		
» Current accounts	3,649,273,444	5,600,405,021
Total	**5,393,974,124**	**7,492,064,510**
Non-interest bearing balances	**5,393,974,124**	**7,492,064,510**

16. Due from banks

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Current accounts	227,153,819	197,047,111
» Deposits	7,730,556,215	8,252,251,594
Total	**7,957,710,034**	**8,449,298,705**
» Central banks	3,093,850,399	3,031,574,198
» Local banks	500,586,325	155,171,707
» Foreign banks	4,363,273,310	5,262,552,800
Total	**7,957,710,034**	**8,449,298,705**
» Non-interest bearing balances	152,732,954	149,987,713
» Fixed interest bearing balances	7,804,977,080	8,299,310,992
Total	**7,957,710,034**	**8,449,298,705**
» Current balances	7,957,710,034	8,449,298,705
Total	**7,957,710,034**	**8,449,298,705**

17. Treasury bills and other governmental notes

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» 91 Days maturity	3,142,959,400	1,866,250,000
» 182 Days maturity	4,022,757,000	2,559,925,000
» 364 Days maturity	4,458,084,085	6,861,223,570
» Unearned interest	(470,058,411)	(634,008,503)
Total 1	**11,153,742,074**	**10,653,390,067**
» Repos - treasury bills	(3,175,711,661)	(1,440,000,000)
Total 2	**(3,175,711,661)**	**(1,440,000,000)**
Net	**7,978,030,413**	**9,213,390,067**

18. Trading financial assets

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
Debt instruments		
» Governmental bonds	1,138,056,688	353,860,497
Total	**1,138,056,688**	**353,860,497**
Equity instruments		
» Foreign company shares	15,877,741	18,677,035
» Mutual funds	318,347,334	188,546,741
Total	**334,225,075**	**207,223,776**
Total financial assets for trading	**1,472,281,763**	**561,084,273**

19. Loans and advances to banks

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Time and term loans	1,208,166,369	1,433,545,112
» Less:Impairment provision	(29,298,630)	(37,950,503)
Total	**1,178,867,739**	**1,395,594,609**
» Current balances	1,172,317,036	1,304,111,350
» Non-current balances	6,550,703	91,483,259
Total	**1,178,867,739**	**1,395,594,609**

Analysis for impairment provision of loans and advances to banks

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Bgining balance	37,950,503	2,694,538
» Charge (release) during the year	(11,450,369)	34,736,518
» Write off during the year	-	-
» Exchange revaluation difference	2,798,496	519,447
Ending balance	**29,298,630**	**37,950,503**

20. Loans and advances to customers

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
Individual		
» Overdraft	1,220,222,219	952,982,877
» Credit cards	660,932,044	575,672,905
» Personal loans	3,616,553,758	2,659,469,004
» Mortgages	463,833,879	419,990,050
» Other loans	20,045,324	40,265,000
Total 1	**5,981,587,224**	**4,648,379,836**
Corporate		
» Overdraft	4,288,571,348	4,239,213,684
» Direct loans	23,196,204,054	24,265,367,037
» Syndicated loans	9,588,649,990	8,245,001,963
» Other loans	87,795,754	101,625,796
Total 2	**37,161,221,146**	**36,851,208,480**
Total Loans and advances to customers (1+2)	**43,142,808,370**	**41,499,588,316**
Less:		
» Unamortized bills discount	(22,277,973)	(45,231,397)
» Impairment provision	(1,901,222,402)	(1,419,409,102)
» Unearned interest	(520,994,222)	(365,161,953)
Net loans and advances to customers	**40,698,313,773**	**39,669,785,864**
Distributed to		
» Current balances	16,908,542,925	17,307,625,654
» Non-current balances	23,789,770,848	22,362,160,210
Total	**40,698,313,773**	**39,669,785,864**

Analysis for impairment provision of loans and advances to customers

	Individual					
Dec.31, 2012	**Overdraft**	**Credit cards**	**Personal loans**	**Real estate loans**	**Other loans**	**Total**
» Beginning balance	20,377,614	42,290,218	76,502,471	11,876,297	1,593,932	152,640,532
» Charged (Released) during the year	(9,624,567)	(8,977,018)	68,706	1,500,562	(503,001)	(17,535,318)
» Write off during the year	-	(29,454,339)	(2,135,623)	-	-	(31,589,962)
» Recoveries from written off debts	-	4,469,470	-	-	-	4,469,470
Ending balance	**10,753,047**	**8,328,331**	**74,435,554**	**13,376,859**	**1,090,931**	**107,984,722**

	Corporate				
Dec.31, 2012	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
» Beginning balance	167,655,394	790,797,773	306,628,666	1,686,738	1,266,768,571
» Charged (Released) during the year	39,209,960	420,954,828	178,455,887	336,089	638,956,764
» Write off during the year	-	-	(154,721,287)	-	(154,721,287)
» Recoveries from written off debts	-	14,726,449	-	-	14,726,449
» Exchange revaluation difference	2,685,874	15,536,889	6,205,339	3,079,081	27,507,183
Ending balance	**209,551,228**	**1,242,015,939**	**336,568,605**	**5,101,908**	**1,793,237,680**

Dec.31, 2011	Individual					
	Overdraft	Credit cards	Personal loans	Real estate loans	Other loans	Total
» Beginning balance	6,948,242	42,119,828	71,459,209	8,888,164	13,400,430	142,815,873
» Charged (Released) 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
Ending balance	**20,377,614**	**42,290,218**	**76,502,471**	**11,876,297**	**1,593,932**	**152,640,532**

Dec.31, 2011	Overdraft	Direct loans	Corporate Syndicated loans	Other loans	Total
» Beginning balance	149,208,018	759,961,827	200,640,880	2,561,291	1,112,372,016
» Charged (Released) 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
Ending balance	**167,655,394**	**790,797,773**	**306,628,666**	**1,686,738**	**1,266,768,571**

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 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 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.

21.1.1. For trading derivatives

	Dec.31, 2012			Dec.31, 2011		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Foreign derivatives						
» Forward foreign exchange contracts	1,996,990,255	16,812,998	959,570	1,324,589,420	14,828,172	5,643,831
» Currency swap	1,258,600,443	9,781,221	3,612,239	1,408,305,712	54,023,412	13,909,846
» Options	770,698,823	7,723,601	7,723,601	509,022,896	2,251,502	2,251,502
Total 1		**34,317,820**	**12,295,410**		**71,103,086**	**21,805,179**
Interest rate derivatives						
» Interest rate swaps	859,324,209	12,630,731	8,739,696	1,124,316,614	15,667,505	11,842,172
Total 2		**12,630,731**	**8,739,696**		**15,667,505**	**11,842,172**
» Commodity	12,149,920	134,026	134,026	128,045,173	870,385	870,385
Total 3		**134,026**	**134,026**		**870,385**	**870,385**
Total assets (liabilities) for trading derivatives (1+2+3)		**47,082,577**	**21,169,132**		**87,640,976**	**34,517,736**

21.1.2. Fair value hedge

	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives						
» Governmental debit instruments hedging	549,753,000	-	97,708,858	524,775,300	-	78,514,812
» Customers deposits hedging	4,293,389,812	90,377,184	221,270	3,661,135,640	58,903,680	1,255,442
Total 4		**90,377,184**	**97,930,128**		**58,903,680**	**79,770,254**
Total financial derivatives (1+2+3+4)		**137,459,761**	**119,099,260**		**146,544,656**	**114,287,990**

21.2. Hedging derivatives

21.2.1. 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 97,708,858 at the end of December, 2012 against EGP 78,514,812 at the end of December, 2011, Resulting in net loss form hedging instruments at the end of December, 2012 EGP 19,194,046 against net loss EGP 78,514,812 at the end of December, 2011. Gains arises from the hedged items at the end of December, 2012 reached EGP 14,842,228 against profits arises EGP 77,848,826 at the end of December, 2011.

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 90,155,914 at the end of December, 2012 against EGP 57,648,238 at the end of December, 2011, Resulting in net profits form hedging instruments at the end of December, 2012 EGP 32,507,675 against net profit EGP 58,450,867 at the end of December, 2011. Losses arises from the hedged items at the end of December , 2012 reached EGP 27,731,731 against losses EGP 57,855,943 at the end of December, 2011.

22. Financial investments

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
Available for sale		
» Listed debt instruments	20,607,710,266	14,533,886,080
» Listed equity instruments	84,923,090	79,748,671
» Unlisted instruments	469,250,676	798,931,318
Total	**21,161,884,032**	**15,412,566,069**
» Held to maturity		
» Listed debt instruments	4,144,677,917	1,580,420
» Unlisted instruments	61,075,411	27,512,500
Total	**4,205,753,328**	**29,092,920**
Total financial investment	**25,367,637,360**	**15,441,658,989**
» Actively traded instruments	23,745,724,106	13,301,628,105
» Not actively traded instruments	1,621,913,254	2,140,030,884
Total	**25,367,637,360**	**15,441,658,989**
» Fixed interest debt instruments	23,611,233,775	12,978,748,170
» Floating interest debt instruments	1,237,877,696	1,919,838,711
Total	**24,849,111,471**	**14,898,586,881**

	Available for sale financial investments	Held to maturity financial investments	Total EGP
» 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)	(2,407,061,628)
» 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
Ending Balance	**15,412,566,069**	**29,092,920**	**15,441,658,989**
» Beginning balance on Jan.01, 2012	15,412,566,069	29,092,920	15,441,658,989
» Addition	10,163,193,809	4,176,660,408	14,339,854,217
» Deduction (selling - redemptions)	(5,342,793,206)	-	(5,342,793,206)
» Exchange revaluation differences	60,242,239	-	60,242,239
» Profit (losses) from fair value difference	895,941,363	-	895,941,363
» Impairment (charges) release	(27,266,242)	-	(27,266,242)
Ending Balance	**21,161,884,032**	**4,205,753,328**	**25,367,637,360**

22.1. Profit (Losses) from financial investments

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Profit (Loss) from selling available for sale financial instruments	519,013	37,608,880
» Impairment release (charges) of available for sale equity instruments	(27,859,838)	(1,254,232)
» Impairment release (charges) of available for sale debt instruments	593,597	-
» Profit (Loss)from selling investments in subsidiaries and associates	-	1,873,813
» (Losses) from impairment of subsidiaries and associates	(89,736,000)	(18,430,000)
» Profit (Loss) from selling held to maturity debt investments	(31,018)	1,034
	(116,514,246)	**19,799,495**

23. Investments in subsidiary and associates

Dec.31, 2012	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value EGP	Stake %
Subsidiaries							
» CI Capital Holding	Egypt	505,372,278	160,819,277	121,452,725	1,834,684	777,920,000	99.98
Associates							
» Commercial International Life Insurance	Egypt	1,768,401,691	1,711,942,438	253,087,786	(969,320)	49,020,250	45
» Corplease	Egypt	1,539,490,355	1,361,597,602	317,924,102	9,974,915	67,527,300	40
» Haykala for investment	Egypt	3,875,454	180,722	270,000	209,835	600,000	40
» Egypt Factors	Egypt	203,984,151	151,643,286	18,514,114	(3,608,534)	36,966,150	39
» International Co. for Security and Services (Falcon)	Egypt	91,085,635	79,197,211	106,514,090	1,219,081	6,000,000	40
Total		**4,112,209,564**	**3,465,380,536**	**817,762,817**	**8,660,660**	**938,033,700**	

Dec.31, 2011	Company's Country	Company's Assets	Company's Liabilities (without equity)	Company's Revenues	Company's Net Profit	Investment book value EGP	Stake %
Subsidiaries							
» CI Capital Holding	Egypt	494,679,584	152,092,327	87,475,153	(37,629,469)	867,656,000	99.98
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		**3,692,026,312**	**3,105,435,844**	**448,304,670**	**(39,226,343)**	**995,595,778**	

24. Investment property *

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Commercial unit number f 35 in arkadia mall (14 elbahr st. Boulak kornish el nile)	432,000	-
» Appartment no. 70 in the third floor building 300 meters elgomhoria st. Port said	-	750,000
» 338.33 meters on a land and building the property number 16 elmakrizi st. Heliopolis	700,000	700,000
» Villa number 113 royal hills 6th of october	-	2,000,000
» 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 fakous elsharkia	161,000	222,000
» Agriculutral area - markaz shebin eldakahlia	4,517,721	4,517,721
Total	**10,395,686**	**12,774,686**

* Including non rigestred by EGP 6,500,686 which were acquired against settlement of the debts mentioned above.

25. Other assets

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Accrued revenues	1,637,781,937	898,844,761
» Prepaid expenses	75,319,597	75,649,940
» Advances to purchase of fixed assets	96,120,400	103,989,488
» Accounts receivable and other assets	640,826,581	433,844,754
» Assets acquired as settlement of debts	8,977,329	6,180,933
Total	**2,459,025,844**	**1,518,509,876**

26. Property, plant and equipment

	Dec.31, 2012							
	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total EGP
» Beginning gross assets (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
» Additions (deductions) during the year	-	1,066,148	93,576,242	4,873,978	80,196,178	27,330,516	7,935,441	214,978,503
Ending gross assets (2)	**60,575,261**	**424,861,042**	**834,806,161**	**51,772,311**	**347,435,424**	**284,157,963**	**114,072,032**	**2,117,680,194**
» Accu.depreciation at beginning of the year (3)	-	161,870,230	576,418,710	25,815,491	240,994,064	188,525,308	72,302,594	1,265,926,397
» Current period depreciation	-	19,129,849	68,318,634	5,688,921	35,822,477	28,319,117	9,946,903	167,225,901
Accu.depreciation at end of the year (4)	**-**	**181,000,079**	**644,737,344**	**31,504,412**	**276,816,541**	**216,844,425**	**82,249,497**	**1,433,152,298**
Ending net assets (2-4)	**60,575,261**	**243,860,963**	**190,068,817**	**20,267,899**	**70,618,883**	**67,313,538**	**31,822,535**	**684,527,896**
Beginning net assets (1-3)	**60,575,261**	**261,924,664**	**164,811,209**	**21,082,842**	**26,245,182**	**68,302,139**	**33,833,997**	**636,775,294**
Depreciation rates		**%5**	**%20**	**%20**	**%33.3**	**%33.3**	**%20**	

Net fixed assets value on the balance sheet date includes EGP 21,769,393 non registered assets while their registrations procedures are in process.

27. Due to banks

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Current accounts	369,862,716	493,794,517
» Deposits	1,345,000,000	2,847,000,000
Total	**1,714,862,716**	**3,340,794,517**
» Central banks	7,546,231	46,941,713
» Local banks	1,362,363,985	2,905,759,685
» Foreign banks	344,952,500	388,093,119
Total	**1,714,862,716**	**3,340,794,517**
» Non-interest bearing balances	354,394,897	398,317,328
» Fixed interest bearing balances	1,360,467,819	2,942,477,189
Total	**1,714,862,716**	**3,340,794,517**
» Current balances	369,862,716	493,794,517
» Non-current balances	1,345,000,000	2,847,000,000
Total	**1,714,862,716**	**3,340,794,517**

28. Due to customers

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Demand deposits	17,034,550,714	17,048,122,359
» Time deposits	24,133,038,485	24,532,817,359
» Certificates of deposit	24,299,048,221	18,819,931,329
» Saving deposits	12,106,727,204	9,484,866,150
» Other deposits	1,261,362,266	1,688,310,333
Total	**78,834,726,890**	**71,574,047,530**
» Corporate deposits	36,764,106,988	37,227,665,007
» Individual deposits	42,070,619,902	34,346,382,523
Total	**78,834,726,890**	**71,574,047,530**
» Non-interest bearing balances	12,157,860,312	10,855,512,526
» Fixed interest bearing balances	66,676,866,578	60,718,535,004
Total	**78,834,726,890**	**71,574,047,530**
» Current balances	51,976,518,051	50,607,367,855
» Non-current balances	26,858,208,839	20,966,679,675
Total	**78,834,726,890**	**71,574,047,530**

29. Long term loans

	Interest rate %	Maturity date	Maturing through next year EGP	Balance on Dec.31, 2012 EGP	Balance on Dec.31, 2011 EGP
» Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	17,428,571	19,095,238	13,697,721
» Support to Private Sector Industry Environmental Protection II (KFW)	9 - 10.5	2012	-	-	3,285,048
» Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	42,080,000	61,400,000	78,570,000
» Social Fund for Development (SFD)	3 months T/D or 9% which more		-	-	167,326
» Spanish Cooperation Microfinance Fund (SCMF)	0.5	2012	-	-	3,613,282
Total			**59,508,571**	**80,495,238**	**99,333,376**

30. Other liabilities

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Accrued interest payable	436,723,614	263,654,637
» Accrued expenses	242,231,936	162,930,130
» Accounts payable	467,830,762	345,917,454
» Income tax	819,361,660	446,414,136
» Other credit balances	68,203,599	94,869,079
Total	**2,034,351,571**	**1,313,785,436**

31. Other provisions

Dec.31, 2012	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP
» Provision for income tax claims	6,909,685	-	-	-	-	6,909,685
» Provision for legal claims	35,171,959	4,668,841	11,983	(10,958,065)	(531,054)	28,363,664
» Provision for contingent	210,103,042	40,594,505	7,202,883	-	-	257,900,430
» * Provision for other claim	12,441,223	6,353,586	16,075	(1,336,550)	-	17,474,334
Total	264,625,909	51,616,932	7,230,941	(12,294,615)	(531,054)	310,648,113

Dec.31, 2011	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP
» 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

* Provision for other claim formed on December 31, 2012 amounted to 6,353,586 EGP to face the potential risk of banking operations against amount 2,196,294 EGP on December 31, 2011 .

32. Equity

32.1. Capital

The authorized capital reached EGP 20 billion according to the extraordinary general assembly decision on March 17, 2010.

Issued and Paid in Capital reached EGP 5,972,275,410 to be divided on 597,227,541 shares with EGP 10 par value for each share based on:

- 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.
- 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.
- 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.
- Increase issued and Paid up Capital by amount EGP 37,712,420 on April 9, 2012 in according to Board of Directors decision on December 22,2011 by issuance of third 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 that the General Assembly approves the dispersment the shareholders of this dividend, which includes staff profit share and remuneration of the Board of Directors stated in the law.

32.2. 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.

Central Bank of Egypt concurrence for usage of special reserve is required.

33. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Dec.31, 2012 Assets (Liabilities) EGP	Dec.31, 2011 Assets (Liabilities) EGP
» Fixed assets (depreciation)	(18,477,693)	(12,780,032)
» Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	10,998,616	9,522,636
» Other investments impairment	98,979,194	69,148,702
» Reserve for employee stock ownership plan (ESOP)	37,633,092	29,250,420
Total	129,133,209	95,141,726

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 period are as follows:

	Dec.31, 2012 No. of shares	Dec.31, 2011 No. of shares
» Outstanding at the beginning of the period	12,676,036	10,550,825
» Granted during the period	7,208,355	5,844,356
» Forfeited during the period	(673,567)	(407,206)
» Exercised during the period	(3,771,242)	(3,311,939)
Outstanding at the end of the period	15,439,582	12,676,036

Details of the outstanding tranches are as follows:

Maturity date	EGP Exercise price	EGP Fair value	No. of shares
» 2013	10	21.70	2,934,838
» 2014	10	21.25	5,487,194
» 2015	10	9.98	7,017,550
Total			15,439,582

The fair value of granted shares is calculated using Black-Scholes pricing model with the following:

	6th tranche	5th tranche
» Exercise price	10	10
» Current share price	18.7	31.15
» Expected life (years)	3	3
» Risk free rate %	16.15%	11.60%
» Dividend yield%	5.35%	3.21%
» Volatility%	38%	34%

Volatility is calculated based on the daily standard deviation of returns for the last three years.

35. Reserves and retained earnings

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Legal reserve	380,348,755	231,344,896
» General reserve	2,037,107,372	1,234,274,960
» Retained earnings (losses)	1,001,979	15,105,920
» Special reserve	117,805,566	185,931,315
» Reserve for A.F.S investments revaluation difference	153,506,781	(723,070,818)
» Banking risks reserve	103,716,932	281,689,619
Total	**2,793,487,384**	**1,225,275,891**

35.1. Banking risks reserve

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Beginning balance	281,689,619	156,992,515
» Transferred from profits	(177,972,687)	124,697,104
Ending balance	**103,716,932**	**281,689,619**

35.2. Legal reserve

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Beginning balance	231,344,896	125,128,337
» Transfer from special reserve	61,697,292	-
» Transferred from previous year profits	87,306,567	106,216,559
Ending balance	**380,348,755**	**231,344,896**

35.3. Reserve for A.F.S investments revaluation difference

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Beginning balance	(723,070,818)	(18,014,631)
» Unrealized gains (losses) from A.F.S investment revaluation	876,577,599	(705,056,187)
Ending balance	**153,506,781**	**(723,070,818)**

35.4. Retained earnings (losses)

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Beginning balance	15,105,920	20,231,298
» Dividend previous year	(15,105,920)	(20,231,298)
» Transferred from special reserve	1,001,979	-
» The effect of changing accounting policies	-	15,105,920
Ending balance	**1,001,979**	**15,105,920**

36. Cash and cash equivalent

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Cash and balances with Central Bank	5,393,974,124	7,492,064,510
» Due from banks	7,957,710,034	8,449,298,705
» Treasury bills and other governmental notes	7,978,030,413	9,213,390,067
» Obligatory reserve balance with CBE	(3,093,283,199)	(3,014,779,811)
» Due from banks (time deposits) more than three months	(4,637,273,017)	(5,237,471,784)
» Treasury bills with maturity more than three months	(8,063,078,261)	(8,821,367,485)
Total	**5,536,080,095**	**8,081,134,202**

37. Contingent liabilities and commitments

37.1. Legal claims

There are a number of existing cases filed against the bank on December.31, 2012 without provision as it's not expected to make any losses from it.

37.2. Capital commitments

37.2.1. Financial investments

The capital commitments for the financial investments reached on the date of financial position EGP 199,123,121 as follows:

	Investments value EGP	Paid EGP	Remaining EGP
» Available for sale financial investments	322,671,851	123,548,730	199,123,121

37.2.2. 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 14,922,669.

37.3. Letters of credit, guarantees and other commitments

	Dec.31, 2012 EGP	Dec.31, 2011 EGP
» Letters of guarantee	12,787,562,199	11,263,615,016
» Letters of credit (import and export)	933,297,936	753,154,858
» Customers acceptances	1,176,928,870	542,833,642
Total	**14,897,789,005**	**12,559,603,516**

38. Mutual funds

Osoul fund

- The Bank established an accumulated return mutual fund under license no.331 issued from capital market authority on February 22, 2005 CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 32,294,160 with redeemed value EGP 6,272,494,697.
- The market value per certificate reached EGP 194.23 on December 31, 2012.
- The Bank portion got 1,612,914 certificates with redeemed value EGP 313,276,286.

Istethmar fund

- CIB bank established the second accumulated return mutual fund under license no.344 issued from capital market authority on February 26, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 2,332,745 with redeemed value EGP 141,644,276.
- The market value per certificate reached EGP 60.72 on December 31, 2012.
- The Bank portion got 194,744 certificates with redeemed value EGP 11,824,856. 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 July 30, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.

- The number of certificates issued reached 884,496 with redeemed value EGP 37,290,351 .
- The market value per certificate reached EGP 42.16 on December 31, 2012.
- The Bank portion got 71,943 certificates with redeemed value EGP 3,033,117.

Hemaya fund

- CIB bank established an accumulated return mutual fund under license no.585 issued from financial supervisory Authority on June 23, 2010. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 344,619 with redeemed value EGP 40,737,412.
- The market value per certificate reached EGP 118.21 on December 31, 2012.
- The Bank portion got 50,000 certificates with redeemed value EGP 5,910,500.

Thabat fund

- CIB bank established an accumulated return mutual fund under license no.613 issued from financial supervisory authority on September 13, 2011. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 1,479,698 with redeemed value EGP 173,006,290.
- The market value per certificate reached EGP 116.92 on December 31, 2012.
- The Bank portion got 52,404 certificates with redeemed value EGP 6,127,076.

39. 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.

39.1. Loans, advances, deposits and contingent liabilities

	EGP
» Loans and advances	660,440,043
» Deposits	243,759,055
» Contingent liabilities	114,859,635

39.2. Other transactions with related parties

	Income EGP	Expenses EGP
» International Co. for Security & Services	1,328,326	65,837,521
» Corplease Co.	66,903,581	52,183,938
» Commercial International Life Insurance Co.	3,469,611	2,448,968
» Commercial International Brokerage Co.	11,403,131	5,892,856
» Dynamics Company	1,148,345	679,078
» Egypt Factors	10,436,589	8,126,601
» CI Assets Management	119,733	35,370
» Commercial International Capital Holding Co.	1,144,024	114,132
» Haykala for Investment	14,985	1,372
» CI Capital Researches	8,346	881

40. 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 Year 2001 up to Year 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 low The Bank pay stamp duty tax according to concerning domestic regulations and laws, and the disputes are under discussion in the court of law .
- Several resolutions were issued to amend some income tax laws and were published in the official newspaper on December 6, 2012. which will take effect as of the next day of publication and these amendments are as follows:
- Amend certain regulations of the Income Tax Law issued by Act No. 91 of 2005
- Amend certain regulations of the Sales Tax Law issued by Act No. 11 of 1991
- Amend certain regulations of the tax law on property built issued by Act No. 196 of 2008
- Amend certain regulations of the Stamp Tax Law issued by Act No. 111 of 1980
- Presidential instructions were issued to freeze those laws and so, the financial statements hadn't been affected by those amendments.
- The impact of those laws on the bank if applied has been calculated from the date of their publication in the official newspaper.
- This had resulted in a total liability within the limit of L.E 3.1 million.
- The bank's external auditors had verified the calculation of this commitment.

41. Main currencies positions

	Dec.31, 2012 In thousand EGP	Dec.31, 2011 In thousand EGP
» Egyptian pound	12,800	8,068
» US dollar	(10,376)	24,134
» Sterling pound	1,670	408
» Japanese yen	(67)	(53)
» Swiss franc	179	118
» Euro	8,598	7,481

Financial Statements: Consolidated

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 2012, 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.

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

KPMG Hazem Hassan
Public accountants & consultants

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, 2012 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

KPMG Hazem Hassan
Public Accountants & Consultants

Mostafa Hassan Farrag
Egyptian Financial Supervisory Authority
Register Number "99"
KPMG Hazem Hassan
Public Accountants & Consultants

المتضامنون للمحاسبة والمراجعة
A Member of
Ernst & Young Global

Emad Hafez Ragheb
Egyptian Financial Supervisory Authority
Register Number "42"
Allied For Accounting & Auditing E & Y
Public Accountants & Consultants

Cairo, 19 February 2013

Commercial International Bank (Egypt) S.A.E

Consolidated balance sheet on December 31, 2012

	Notes	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
Assets			
» Cash and balances with Central Bank	15	5,393,974,124	7,492,064,510
» Due from banks	16	8,047,820,388	8,528,229,519
» Treasury bills and other governmental notes	17	8,017,754,432	9,260,842,183
» Trading financial assets	18	1,515,325,502	675,325,450
» Loans and advances to banks	19	1,178,867,739	1,395,594,609
» Loans and advances to customers	20	40,698,313,773	39,669,785,864
» Derivative financial instruments	21	137,459,761	146,544,656
Financial investments			
» Available for sale	22	21,177,427,597	15,421,546,277
» Held to maturity	22	4,215,787,960	39,159,520
» Investments in associates	23	165,198,634	106,676,167
» Brokers - debit balances		134,944,510	24,185,525
» Reconciliation accounts- debit balances		-	42,507,905
» Investment property	24	10,395,686	12,774,686
» Other assets	25	2,474,945,065	1,534,819,491
» Goodwill	40	-	120,280,337
» Intangible Assets	40	33,422,415	309,353,104
» Deferred tax	33	129,356,874	96,018,092
» Property, plant and equipment	26	683,455,846	630,508,089
Total assets		**94,014,450,306**	**85,506,215,984**
Liabilities and equity			
Liabilities			
» Due to banks	27	1,714,862,716	3,340,794,517
» Due to customers	28	78,729,121,488	71,467,935,259
» Brokers- credit balances		124,759,011	111,851,855
» Reconciliation accounts - credit balances		1,664,718	-
» Derivative financial instruments	21	119,099,260	114,287,990
» Other liabilities	30	2,059,005,013	1,342,736,040
» Long term loans	29	80,495,238	99,333,376
» Other provisions	31	315,488,382	270,801,909
Total liabilities		**83,144,495,826**	**76,747,740,946**
Equity			
» Issued and paid in capital	32	5,972,275,410	5,934,562,990
» Reserves	32	2,970,163,921	1,387,842,060
» Reserve for employee stock ownership plan (ESOP)		164,761,121	137,354,418
» Retained earnings		(510,946,406)	(362,379,298)
Total equity		**8,596,254,046**	**7,097,380,170**
» Net profit of the period / year after tax		2,226,180,503	1,614,738,322
Total equity and net profit for period / year		**10,822,434,549**	**8,712,118,492**
» Minority interest		47,519,931	46,356,546
Total minority interest and equity and net profit for period / year		**10,869,954,480**	**8,758,475,038**
Total liabilities , equity and minority interest		**94,014,450,306**	**85,506,215,984**
Contingent liabilities and commitments			
» Letters of credit, guarantees and other commitments	37	14,897,739,005	12,559,553,516

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

Hisham Ezz El-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Consolidated income statement for the year ended on December 31, 2012

	Notes	Last 9 Months Dec. 31, 2012 EGP	Last 9 Months Dec. 31, 2011 EGP
» Interest and similar income		7,859,311,839	5,470,990,831
» Interest and similar expense		(3,945,685,636)	(2,781,039,268)
Net interest income	6	**3,913,626,203**	**2,689,951,563**
» Fee and commission income		1,033,628,014	930,569,533
» Fee and commission expense		(107,365,742)	(87,622,734)
Net income from fee and commission	7	**926,262,272**	**842,946,799**
» Dividend income	8	33,110,823	61,506,980
» Net trading income	9	574,575,176	381,692,480
» Profit (Losses) from financial investments	22	(26,909,306)	38,669,156
» Goodwill Amortization		(10,426,511)	(40,093,445)
» Administrative expenses	10	(1,559,401,781)	(1,449,718,695)
» Other operating (expenses) income	11	(103,307,092)	(72,539,394)
» Impairment (charge) release for credit losses	12	(609,971,077)	(320,648,863)
» Intangible Assets Amortization		(82,990,084)	(67,467,240)
» Bank's share in the profits of associates		26,348,545	(7,859,808)
Net profit before tax		**3,080,917,168**	**2,056,439,533**
» Income tax expense	13	(887,265,476)	(448,586,285)
» Deferred tax	33 & 13	33,338,781	6,374,868
Net profit of the year		**2,226,990,473**	**1,614,228,116**
» Minority interest		809,970	(510,206)
Bank shareholders		**2,226,180,503**	**1,614,738,322**
Earning per share	14		
» Basic		3.53	2.43
» Diluted		3.47	2.39

Hisham Ezz El-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Consolidated cash flow for the year ended on December 31, 2012

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
Cash flow from operating activities		
» Net profit before tax	3,080,917,168	2,056,439,533
Adjustments to reconcile net profit to net cash provided by operating activities		
» Depreciation	168,382,905	188,125,507
» Impairment charge for credit losses	609,971,077	322,276,483
» Other provisions charges	51,872,777	4,217,707
» Trading financial investments revaluation differences	(86,525,026)	49,692,862
» Intangible assets amortization	82,990,084	67,467,240
» Goodwill amortization	10,426,511	40,093,445
» Available for sale and held to maturity investments exchange revaluation differences	(60,242,239)	(60,380,784)
» Financial investments impairment charge (release)	8,033,536	(373,389)
» Utilization of other provisions	(13,886,192)	(4,068,833)
» Other provisions no longer used	(531,054)	(50,567,704)
» Exchange differences of other provisions	7,230,941	2,329,620
» Profits from selling property, plant and equipment	(2,387,583)	(2,716,747)
» Profits from selling financial investments	(519,013)	(100,273,310)
» Profits from selling associates	-	(1,873,813)
» Exchange differences of long term loans	-	164,819
» Shares based payments	79,068,829	77,459,887
» Investments in associates revaluation	-	7,151,567
» Real estate investments impairment charges	(371,000)	400,000
Operating profits before changes in operating assets and liabilities	**3,934,431,721**	**2,595,564,090**
Net decrease (increase) in assets and liabilities		
» Due from banks	521,695,379	(1,851,562,990)
» Treasury bills and other governmental notes	758,289,224	(1,729,254,403)
» Trading financial assets	(753,475,026)	860,729,523
» Derivative financial instruments	13,896,165	(6,543,758)
» Loans and advances to banks and customers	(1,421,772,116)	(6,213,116,023)
» Other assets	(1,015,446,313)	21,744,773
» Due to banks	(1,625,931,801)	2,018,514,608
» Due to customers	7,261,186,229	8,103,757,981
» Other liabilities	(156,424,620)	(560,452,284)
Net cash provided from operating activities	**7,516,448,842**	**3,239,381,517**
Cash flow from investing activities		
» Purchase of subsidiary and associates	(58,522,467)	(18,000,000)
» Proceeds from selling subsidiary and associates	-	1,000,000
» Purchases of property, plant and equipment	(211,873,420)	(157,632,289)
» Redemption of held to maturity financial investments	-	270,207,161
» Purchases of held to maturity financial investments	(4,176,628,441)	(5,000,000)
» Purchases of available for sale financial investments	(10,169,757,165)	(4,536,303,691)
» Proceeds from selling available for sale financial investments	5,343,312,219	2,181,457,020
» Proceeds from selling real estate investments	2,750,000	15,520,978
Net cash generated from (used in) investing activities	**(9,270,719,274)**	**(2,248,750,821)**

Commercial International Bank (Egypt) S.A.E

Consolidated cash flow for the year ended on December 31, 2012

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
Cash flow from financing activities		
» Increase (decrease) in long term loans	(18,838,138)	(29,944,868)
» Dividend paid	(806,206,518)	(844,414,580)
» Capital increase	37,712,420	33,119,390
Net cash generated from (used in) financing activities	**(787,332,236)**	**(841,240,058)**
» Net increase (decrease) in cash and cash equivalent	(2,541,602,667)	149,390,638
» Beginning balance of cash and cash equivalent	8,207,517,133	8,058,126,497
Cash and cash equivalent at the end of the period	**5,665,914,465**	**8,207,517,135**
Cash and cash equivalent comprise:		
» Cash and balances with Central Bank	5,393,974,124	7,492,064,510
» Due from banks	8,047,820,388	8,528,229,519
» Treasury bills and other governmental notes	8,017,754,432	9,260,842,183
» Obligatory reserve balance with CBE	(3,093,283,199)	(3,014,779,811)
» Due from banks (time deposits) more than three months	(4,637,273,016)	(5,237,471,783)
» Treasury bills with maturity more than three months	(8,063,078,264)	(8,821,367,483)
Total cash and cash equivalent	**5,665,914,465**	**8,207,517,135**

Commercial International Bank (Egypt) S.A.E

Consolidated statement of changes in shareholders' equity for the year ended on December 31, 2011

Dec. 31, 2011	Capital	Legal reserve	General reserve	Intangible assets value for bank share before acquisition	Retained earnings (losses)	Special reserve	Reserve For A.F.S invest-ments revaluation diff.	Banking risks reserve	Net profit of the year	Reserve for em-ployee stock ownership plan	Total Share-holders Equity	Minority Interest	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 (losses)	-	-	-	-	(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 period	-	-	-	-	(30,796,515)	-	-	-	-	-	**(30,796,515)**	(98,887)	**(30,895,402)**
» 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**	**(362,379,298)**	**185,931,315**	**(723,343,863)**	**281,689,619**	**1,490,041,219**	**137,354,418**	**8,712,118,492**	**46,356,546**	**8,758,475,038**

Commercial International Bank (Egypt) S.A.E

Consolidated statement of changes in shareholders' equity for the year ended on December 31, 2012

Dec. 31, 2012	Capital	Legal reserve	General reserve	Intangible assets value for bank share before acquisition	Retained earnings (losses)	Special reserve	Reserve For A.F.S invest-ments revaluation diff.	Banking risks reserve	Net profit of the year	Reserve for employee stock ownership plan	Total Sharehold-ers Equity	Minority Interest	Total EGP
Beginning balance	**5,934,562,990**	**231,344,896**	**1,234,122,776**	**302,794,421**	**(362,379,298)**	**185,931,315**	**(723,343,863)**	**281,689,619**	**1,490,041,219**	**137,354,418**	**8,712,118,492**	**46,356,546**	**8,758,475,038**
» Capital increase	37,712,420	-	-	-	-	-	-	-	-	-	**37,712,420**	-	**37,712,420**
» Transferred to reserves	-	87,306,567	794,689,187	-	-	2,716,747	-	-	(833,050,374)	(51,662,127)	-	-	-
» Transferred to retained earnings (losses)	-	-	-	-	(134,109,753)	-	-	-	134,109,753	-	-	-	-
» Dividend paid	-	-	-	-	(15,105,920)	-	-	-	(791,100,598)	-	**(806,206,518)**	-	**(806,206,518)**
» Net profit of the year	-	-	-	-	-	-	-	-	2,226,180,503	-	**2,226,180,503**	809,971	**2,226,990,474**
» Transfer from special reserve	-	61,697,292	8,143,225	-	1,001,979	(70,842,496)	-	-	-	-	-	-	-
» Change during the period	-	-	-	-	(353,414)	-	-	-	-	-	**(353,414)**	353,414	-
» Addition from financial invest-ment revaluation	-	-	-	-	-	-	876,708,657	-	-	-	**876,708,657**	-	**876,708,657**
» Transferred to bank risk reserve	-	-	-	-	-	-	-	(177,972,687)	177,972,687	-	-	-	-
» Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	-	79,068,829	**79,068,829**	-	**79,068,829**
» settlement of Intangible assets value for bank share before acquisition	-	-	-	(302,794,421)	-	-	-	-	-	-	**(302,794,421)**	-	**(302,794,421)**
Balance at the end of the year	**5,972,275,410**	**380,348,755**	**2,036,955,188**	**-**	**(510,946,406)**	**117,805,566**	**153,364,794**	**103,716,932**	**2,404,153,189**	**164,761,121**	**10,822,434,549**	**47,519,931**	**10,869,954,480**

Notes to the consolidated financial statements for the year ended on December 31, 2012

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 112 branches, and 44 units employing 4867 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.

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, 2012 the Bank directly owns 54,988,500 shares representing 99.98% of CI Capital Holding Company's capital and on December 31, 2012 CI Capital Holding Co. Directly owns the following shares in its subsidiaries:

Company name	No. of shares	Ownership%	Indirect 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 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 on 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.

2.1.1. 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 its 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. Subsidiaries and associates

2.2.1. 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.

2.2.2. 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

2.4.1. Functional and presentation currency

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

2.4.2. Transactions and balances in foreign currencies

The Bank maintains its accounting records in Egyptian pound. Transactions in foreign currencies during the period 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'.

Valuation differences resulting from the non-monetary items include gains and losses of the change in fair value of such equity instruments held at fair value through profit and loss, as for recognition of the differences of valuation resulting from equity instruments classified as financial investments available for sale within the fair value reserve in equity.

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.

2.5.1. 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 re-purchasing 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 categorized 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:

- When the designation eliminates or significantly reduces measurement and recognition inconsistencies that would arise from measuring financial assets or financial liabilities, 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.

2.5.2. 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:

- Those that the Bank intends to sell immediately or in the short term, which is classified as held for trading, or those that the Bank upon initial recognition designates as at fair value through profit or loss.
- Those that the Bank upon initial recognition designates as available for sale; or
- Those for which the holder may not recover substantially all of its initial investment, other than credit deterioration.

2.5.3. 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.

2.5.4. 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 recognized 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 recognized at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognized 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 derecognized 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 recognized 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 recognized in equity is recognized 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:

- 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.
- 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 recognized 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 amortized 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 according to the following:

- When all arrears are collected for consumer loans, personnel mortgages and micro-finance loans.
- When calculated interest for corporate are capitalized according to the rescheduling agreement conditions until paying 25% from rescheduled payments for a minimum performing period of one year, if the customer continues to perform, the calculated interest will be 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 recognized upon completion of the underlying transaction in the income statement .

Other management advisory and service fees are recognized based on the applicable service contracts, usually on accrual basis. Financial planning fees related to investment funds are recognized 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 recognized on the accrual basis also.

Operating revenues in the holding company are:

- Commission income is resulting from purchasing and selling securities to a customer account upon receiving the transaction confirmation from the Stock Exchange.
- Mutual funds and investment portfolios management which 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.

2.10. Dividend income

Dividends are recognized 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 (Reverse 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

2.12.1. 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/s 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 recognized 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 collateralized 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.

2.12.2. 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 became 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 recognized 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 amortized -except goodwill- and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 acquisition cost over the fair value of the Bank's share in the acquired entity's net identifiable assets on 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 associates and subsidiaries in the Bank's 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.

2.16.1. 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'.

2.16.2. 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 Bank, 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 recognized 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 recognized 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. Recognizes 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 period 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 recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost also any difference between proceeds net of transaction costs and the redemption value is recognized 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

Comparative figures have been adjusted to conform to changes in presentation in the current period where necessary.

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 analyze 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 centralized 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

3.1.1.1. 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:

- The 'probability of default' by the client or counterparty on its contractual obligations
- Current exposures to the counterparty and its likely future development, from which the Bank derive the 'exposure at default.
- 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 3.1).

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.

3.1.1.2. 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:

3.1.2.1. 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.

3.1.2.2. 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 favorable 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.

3.1.2.3. 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 favorable 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.

3.1.2.4. 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 collateralized 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 has 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	December 31, 2012		December 31, 2011	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1-Performing loans	90.00	40.85	91.13	42.26
2-Regular watching	5.89	8.56	4.32	4.70
3-Watch list	0.48	2.01	1.74	3.70
4-Non-Performing Loans	3.63	48.58	2.81	49.34

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, 2012 EGP	Dec. 31, 2011 EGP
» Treasury bills and other governmental notes	11,193,466,093	10,700,842,183
Trading financial assets:		
» Debt instruments	1,181,100,426	468,101,674
Gross loans and advances to banks	1,208,166,369	1,433,545,112
Less:Impairment provision	(29,298,630)	(37,950,503)
Gross loans and advances to customers		
Individual:		
» Overdraft	1,220,222,219	952,982,877
» Credit cards	660,932,044	575,672,905
» Personal loans	3,616,553,758	2,659,469,004
» Mortgages	463,833,879	419,990,050
» Other loans	20,045,324	40,265,000
Corporate:		
» Overdraft	4,288,571,348	4,239,213,684
» Direct loans	23,196,204,054	24,265,367,037
» Syndicated loans	9,588,649,990	8,245,001,963
» Other loans	87,795,754	101,625,796
» Unamortized bills discount	(22,277,973)	(45,231,397)
Impairment provision	(1,901,222,402)	(1,419,409,102)
Unearned interest	(520,994,222)	(365,161,953)
Derivative financial instruments	137,459,761	146,544,656
Financial investments:		
» Debt instruments	24,859,146,103	14,908,653,481
» Investments in associates	165,198,634	106,676,167
Total	**79,413,552,530**	**67,396,198,634**
Off balance sheet items exposed to credit risk		
Financial guarantees	2,276,369,133	2,219,596,241
Customers acceptances	1,176,928,870	542,833,642
Letter of credit	933,297,936	753,154,858
Letter of guarantee	12,787,512,199	11,263,565,016
Total	**17,174,108,138**	**14,779,149,757**

The above table represents the Bank Maximum exposure to credit risk on December 31, 2012, before taking account of any held collateral.

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 52.91% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 32.79%.

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

- 95.88% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 96.37% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP 1,609,976,311.
- The Bank has implemented more prudent processes when granting loans and advances during the financial period ended on December 31, 2012.
- 94.29% of the investments in debt Instruments are Egyptian sovereign instruments.

3.1.6. Loans and advances

Loans and advances are summarized as follows:

	Dec. 31, 2012 EGP		Dec. 31, 2011 EGP	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
» Neither past due nor impaired	40,779,399,095	1,176,571,369	39,842,142,236	1,403,385,688
» Past due but not impaired	785,027,964	-	478,696,381	-
» Individually impaired	1,578,381,311	31,595,000	1,178,749,699	30,159,424
Gross	**43,142,808,370**	**1,208,166,369**	**41,499,588,316**	**1,433,545,112**
Less:				
» Impairment provision	1,901,222,402	29,298,630	1,419,409,102	37,950,503
» Unamortized bills discount	22,277,973	-	45,231,397	-
» Unearned interest	520,994,222	-	365,161,953	-
Net	**40,698,313,773**	**1,178,867,739**	**39,669,785,864**	**1,395,594,609**

Impairment provision losses for loans and advances reached EGP 1,930,521,032.

During the period the Bank's total loans and advances increased by 3.30% .

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, 2012	Individual					Corporate				Total	Total
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	loans and advances to customers	loans and advances to banks
Grades:											
» Performing loans	1,152,693,431	633,881,668	3,459,502,653	449,183,484	1,107,853	3,828,066,231	19,714,723,182	8,634,047,670	82,087,754	37,955,293,927	1,168,312,112
» Regular watching	39,975,851	12,960,108	35,395,626	-	16,959,188	147,548,565	1,762,255,708	431,680,704	79,991	2,446,855,741	-
» Watch list	9,922,637	3,940,508	20,441,412	-	-	8,557,078	-	135,043,296	-	177,904,931	-
» Non-performing loans	6,877,253	1,821,429	26,778,513	1,273,535	887,352	94,848,245	477,209,225	51,309,716	526,101	661,531,369	10,555,627
Total	**1,209,469,172**	**652,603,713**	**3,542,118,204**	**450,457,019**	**18,954,393**	**4,079,020,119**	**21,954,188,115**	**9,252,081,386**	**82,693,846**	**41,241,585,968**	**1,178,867,739**

EGP

Dec. 31, 2011	Individual					Corporate				Total	Total
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	loans and advances to customers	loans and advances to banks
Grades:											
» Performing loans	914,099,870	504,245,089	2,520,780,760	405,378,706	257,257	3,864,636,142	21,076,435,294	7,751,395,350	94,689,384	37,131,917,853	1,377,362,064
» 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
» Watch list	8,206,398	3,278,950	11,356,577	-	-	22,334,115	646,624,356	-	101,526	691,901,922	-
» 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	**932,605,263**	**533,382,687**	**2,582,966,533**	**408,113,753**	**38,671,068**	**4,071,558,290**	**23,474,569,264**	**7,938,373,297**	**99,939,058**	**40,080,179,214**	**1,395,594,609**

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.

Dec. 31, 2012	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
» Past due up to 30 days	270,505,350	136,831,472	11,448,890	700,995	419,486,707	32,640,253	83,898,165	105,902,043	222,440,462
» Past due 30 - 60 days	40,136,708	13,690,593	2,585,035	91,626	56,503,962	4,432,342	7,374,788	-	11,807,130
» Past due 60-90 days	10,117,386	4,794,090	2,195,267	110,400	17,217,143	30,810,328	24,880,581	1,881,651	57,572,559
Total	**320,759,444**	**155,316,155**	**16,229,192**	**903,021**	**493,207,812**	**67,882,923**	**116,153,535**	**107,783,694**	**291,820,152**

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**

Individually impaired loans

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 1,609,976,311.

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, 2012	Individual					Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total
» Individually impaired loans	14,487,332	6,412,436	89,037,818	11,086,723	1,244,270	238,462,451	1,065,770,440	179,994,670	3,480,171	**1,609,976,311**

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**

• 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. Restructuring is commonly applied to term loans, specially customer loans. Renegotiated loans totaled at the end of the period

	Dec. 31, 2012	Dec. 31, 2011
Loans and advances to customer		
Corporate		
» Direct loans	2,924,873,000	2,780,557,000
Total	**2,924,873,000**	**2,780,557,000**

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 period, based on Standard & Poor's ratings or their equivalent:

EGP

Dec. 31, 2012	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
» AAA	-	-	1,058,879,243	**1,058,879,243**
» AA- to AA+	-	-	140,720,779	**140,720,779**
» A- to A+	-	-	227,946,980	**227,946,980**
» Lower than A-	-	52,237,883	936,659,017	**988,896,900**
» Unrated	8,017,754,432	1,128,862,543	22,494,940,084	**31,641,557,059**
Total	**8,017,754,432**	**1,181,100,426**	**24,859,146,104**	**34,058,000,962**

3.1.8. Concentration of risks of financial assets with credit risk exposure

3.1.8.1. Geographical sectors

Following is a breakdown of the Bank's main credit exposure at their book values categorized by geographical region at the end of the current period.

The Bank has allocated exposures to regions based on the country of domicile of its counterparties.

Dec. 31, 2012	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
» Treasury bills and other governmental notes	11,193,466,093	-	-	**11,193,466,093**
» Trading financial assets:				
» Debt instruments	1,181,100,426	-	-	**1,181,100,426**
» Gross loans and advances to banks	1,208,166,369	-	-	**1,208,166,369**
» Less:Impairment provision	(29,298,630)	-	-	**(29,298,630)**
Gross loans and advances to customers				
Individual:				
» Overdrafts	750,010,323	447,045,445	23,166,451	**1,220,222,219**
» Credit cards	660,932,044	-	-	**660,932,044**
» Personal loans	2,401,536,267	1,107,474,070	107,543,421	**3,616,553,758**
» Mortgages	373,157,230	81,891,354	8,785,295	**463,833,879**
» Other loans	18,722,593	1,322,731	-	**20,045,324**
Corporate:				
» Overdrafts	3,451,485,639	835,548,706	1,537,003	**4,288,571,348**
» Direct loans	16,641,174,813	6,518,007,292	37,021,949	**23,196,204,054**
» Syndicated loans	8,933,686,091	654,963,899	-	**9,588,649,990**
» Other loans	77,751,440	10,044,314	-	**87,795,754**
» Unamortized bills discount	(22,277,973)	-	-	**(22,277,973)**
» Impairment provision	(1,901,222,402)	-	-	**(1,901,222,402)**
» Unearned interest	(403,955,322)	(115,616,300)	(1,422,600)	**(520,994,222)**
» Derivative financial instruments	137,459,761	-	-	**137,459,761**
Financial investments:				
» Debt instruments	24,859,146,103	-	-	**24,859,146,103**
» Investments in associates	165,198,634	-	-	**165,198,634**
Total	**69,696,239,500**	**9,540,681,511**	**176,631,519**	**79,413,552,530**

3.1.8.2. Industry sectors

The following table analysis the Group's main credit exposure at their book value categorized by the Bank customers activities.

EGP

Dec. 31, 2012	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
» Treasury bills and other governmental notes	-	-	-	-	11,193,466,093	-	-	**11,193,466,093**
Trading financial assets:								
» Debt instruments	-	-	-	-	1,181,100,426	-	-	**1,181,100,426**
» Gross loans and advances to banks	1,208,166,369	-	-	-	-	-	-	**1,208,166,369**
» Less:Impairment provision	(29,298,630)	-	-	-	-	-	-	**(29,298,630)**
Gross loans and advances to customers								
Individual:								
» Overdrafts	-	-	-	-	-	-	1,220,222,219	**1,220,222,219**
» Credit cards	-	-	-	-	-	-	660,932,044	**660,932,044**
» Personal loans	-	-	-	-	-	-	3,616,553,758	**3,616,553,758**
» Mortgages	-	-	-	-	-	-	463,833,879	**463,833,879**
» Other loans	-	-	-	-	-	-	20,045,324	**20,045,324**
Corporate:								
» Overdrafts	18,910,846	1,041,423,477	1,433,946,715	436,503,237	15,352,845	1,342,434,228	-	**4,288,571,348**
» Direct loans	777,609,160	9,935,760,634	191,359,572	233,466,270	1,235,963,381	10,822,045,037	-	**23,196,204,054**
» Syndicated loans	-	4,851,917,087	639,406,158	-	-	4,097,326,745	-	**9,588,649,990**
» Other loans	-	64,098,900	-	-	-	23,696,854	-	**87,795,754**
» Unamortized bills discount	(22,277,973)	-	-	-	-	-	-	**(22,277,973)**
» Impairment provision	(128,579,309)	(764,716,560)	(39,181,037)	(7,246,465)	(13,019,431)	(824,933,622)	(123,545,978)	**(1,901,222,402)**
» Unearned interest	(12,224,835)	(242,497,842)	-	(10,970)	-	(232,244,585)	(34,015,990)	**(520,994,222)**
» Derivative financial instruments	137,459,761	-	-	-	-	-	-	**137,459,761**
Financial investments:								
» Debt instruments	1,494,581,633	-	-	-	23,364,564,470	-	-	**24,859,146,103**
» Investments in subsidiary and associates	165,198,634	-	-	-	-	-	-	**165,198,634**
Total	**3,609,545,656**	**14,885,985,696**	**2,225,531,408**	**662,712,072**	**36,977,427,784**	**15,228,324,657**	**5,824,025,256**	**79,413,552,530**

3.2. Market risk

Market risk represnted as fluctuations in fair value or future cash flow, 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, position taking 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 instrument and loans to which the fair value option has been applied .

3.2.1.1. 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 Day). 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, trading book, which have been approved by the board, and are monitored and reported on a daily basis to the Senior Management. In addition, monthly limits compliance is reported to the ALCO.

The Bank has developed the internal models used to calculate VaR and are not approved yet by the central bank as the regulator is still applying Basel I in parallel basis with the standardized market risk approach in Basel II.

3.2.1.2.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 trading Stress VaR, combined with trading 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

EGP

	Dec. 31, 2012			Dec. 31, 2011		
	Medium	High	Low	Medium	High	Low
» Foreign exchange risk	41,293	175,325	5,847	275,822	798,293	22,715
Interest rate risk	69,880,113	81,920,976	58,491,659	19,970,380	25,574,668	15,047,233
» For non trading purposes	63,018,453	72,607,499	52,982,174	9,752,494	11,883,218	7,638,408
» For trading purposes	6,861,659	9,313,477	5,509,485	13,919,605	16,474,199	11,866,315
» Equities risk	199,809	253,871	149,646	1,659,204	1,762,596	1,488,630
» Investment fund	345,860	465,524	282,380	921,509	1,057,998	798,571
Total VaR	**69,926,059**	**81,958,286**	**58,537,533**	**20,406,187**	**26,002,691**	**15,490,695**

• Trading portfolio VaR by risk type

	Dec. 31, 2012			Dec. 31, 2011		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	41,293	175,325	5,847	275,822	798,293	22,715
Interest rate risk						
» For trading purposes	6,861,659	9,313,477	5,509,485	13,919,605	16,474,199	11,866,315
» Equities risk	199,809	253,871	149,646	1,659,204	1,762,596	1,488,630
Investment fund	345,860	465,524	282,380	921,509	1,057,998	798,571
Total VaR	**7,268,816**	**9,360,357**	**5,546,276**	**14,382,231**	**15,076,004**	**13,832,710**

• Non trading portfolio VaR by risk type

	Dec. 31, 2012			Dec. 31, 2011		
	Medium	High	Low	Medium	High	Low
Interest rate risk						
» For non trading purposes	63,018,453	72,607,499	52,982,174	9,752,494	11,883,218	7,638,408
Total VaR	**63,018,453**	**72,607,499**	**52,982,174**	**9,752,494**	**11,883,218**	**7,638,408**

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's financial position and cash flows are exposed to fluctuations in foreign currency exchange rates. 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.

Equivalent EGP

Dec. 31, 2012	EGP	USD	EUR	GBP	Other	Total
Financial assets						
» Cash and balances with Central Bank	4,547,889,733	649,709,912	128,385,584	24,385,266	43,603,629	**5,393,974,124**
» Due from banks	143,604,350	5,049,101,786	2,401,041,621	402,155,264	51,917,368	**8,047,820,388**
» Treasury bills and other governmental notes	4,773,237,358	3,472,922,400	241,653,085	-	-	**8,487,812,843**
» Trading financial assets	1,490,253,622	9,194,145	-	-	15,877,734	**1,515,325,501**
» Gross loans and advances to banks	-	1,170,995,566	37,170,803	-	-	**1,208,166,369**
» Gross loans and advances to customers	25,149,379,935	17,249,717,628	698,370,716	37,776,260	7,563,832	**43,142,808,370**
» Derivative financial instruments	34,317,819	98,258,816	4,883,126	-	-	**137,459,761**
Financial investments						
» - Available for sale	19,867,780,270	1,309,647,328	-	-	-	**21,177,427,597**
» - Held to maturity	4,215,787,960	-	-	-	-	**4,215,787,960**
» Investments in associates	126,825,156	38,373,478	-	-	-	**165,198,634**
Total financial assets	**60,349,076,203**	**29,047,921,058**	**3,511,504,934**	**464,316,790**	**118,962,562**	**93,491,781,548**
Financial liabilities						
» Due to banks	1,362,866,273	351,304,112	650,505	41,825	-	**1,714,862,716**
» Due to customers	47,924,539,371	26,846,823,314	3,403,851,868	453,989,690	99,917,245	**78,729,121,488**
» Derivative financial instruments	12,295,409	102,612,684	4,191,167	-	-	**119,099,260**
» Long term loans	80,495,238	-	-	-	-	**80,495,238**
Total financial liabilities	**49,380,196,292**	**27,300,740,110**	**3,408,693,540**	**454,031,515**	**99,917,245**	**80,643,578,702**
Net on-balance sheet financial position	**10,968,879,911**	**1,747,180,948**	**102,811,394**	**10,285,275**	**19,045,318**	**12,848,202,846**

3.2.4. Interest rate risk

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 profit may 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.

Dec. 31, 2012	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non-Interest Bearing	Total
Financial assets							
» Cash and balances with Central Bank	-	-	-	-	-	5,393,974,124	**5,393,974,124**
» Due from banks	3,814,359,727	4,039,063,382	41,664,325	-	-	152,732,954	**8,047,820,388**
» Treasury bills and other governmental notes*	(2,392,490,261)	2,359,738,000	8,520,565,104	-	-	-	**8,487,812,843**
» Trading financial assets	361,391,071	-	-	918,121,244	219,935,445	15,877,741	**1,515,325,501**
» Gross loans and advances to banks	72,394,428	751,920,402	383,851,539	-	-	-	**1,208,166,369**
» Gross loans and advances to customers	23,384,335,335	8,056,916,417	7,335,797,152	3,512,242,033	853,517,433	-	**43,142,808,370**
» Derivatives financial instruments (including IRS notional amount)	601,968,669	589,566,465	859,582,784	3,306,273,019	379,393,905	-	**5,736,784,842**
Financial investments							
» - Available for sale	1,322,522,351	15,543,565	4,017,903,710	11,736,95s6,304	3,636,620,842	447,880,825	**21,177,427,597**
» - Held to maturity	-	-	15,732,123	4,200,055,837	-	-	**4,215,787,960**
» Investments in associates	-	-	-	-	-	165,198,634	**165,198,634**
Total financial assets	**27,164,481,320**	**15,812,748,231**	**21,175,096,737**	**23,673,648,437**	**5,089,467,625**	**6,175,664,278**	**99,091,106,629**
Financial liabilities							
» Due to banks	1,360,467,819	-	-	-	-	354,394,897	**1,714,862,716**
» Due to customers	24,969,881,691	12,100,430,806	8,222,585,000	20,807,578,680	470,785,000	12,157,860,312	**78,729,121,488**
» Derivatives financial instruments (including IRS notional amount)	2,175,142,530	2,703,939,377	132,811,540	153,115,055	549,753,928	106,803,850	**5,821,566,280**
» Long term loans	-	-	59,508,571	20,986,667	-	-	**80,495,238**
Total financial liabilities	**28,505,492,040**	**14,804,370,183**	**8,414,905,111**	**20,981,680,402**	**1,020,538,928**	**12,619,059,059**	**86,346,045,722**
Total interest repricing gap	**(1,341,010,720)**	**1,008,378,048**	**12,760,191,626**	**2,691,968,035**	**4,068,928,697**	**(6,443,394,781)**	**12,745,060,907**

* After deducting Repos.

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 assets 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

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, 2012	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP
Financial liabilities						
» Due to banks	1,714,862,716	-	-	-	-	1,714,862,716
» Due to customers	11,421,205,560	9,736,841,059	20,452,119,693	35,809,584,757	1,309,370,420	78,729,121,488
» Long term loans	-	-	59,508,571	20,986,667	-	80,495,238
Total liabilities (contractual and non contractual maturity dates)	**13,136,068,276**	**9,736,841,059**	**20,511,628,264**	**35,830,571,424**	**1,309,370,420**	**80,524,479,442**
Total financial assets (contractual and non contractual maturity dates)	**9,874,255,242**	**12,497,060,088**	**22,097,635,946**	**39,608,844,700**	**9,940,640,568**	**94,018,436,544**

Dec. 31, 2011	Upto 1month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP
Financial 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
Total liabilities (contractual and non contractual maturity dates)	**16,111,530,511**	**8,578,138,228**	**17,951,548,347**	**30,873,957,066**	**1,392,889,000**	**74,908,063,152**
Total financial assets (contractual and non 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**

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from CBE and due from banks, treasury bills, other government notes , loans and advances to banks and customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt instrument and treasury bills and other governmental notes have been pledged to secure liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

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: exchange traded options and over-the-counter (OTC) ,exchange traded forwards 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 of the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

EGP

Dec. 31, 2012	Up to one month	One to three months	Three months to one year	One year to five years	Over five years	Total
Liabilities						
Derivatives financial instruments						
» Foreign exchange derivatives	2,518,555	1,956,292	7,819,636	-	927	12,295,410
» Interest rate derivatives	-	189,039	1,584,638	7,178,710	97,717,438	106,669,824
Total	**2,518,555**	**2,145,330**	**9,404,274**	**7,178,710**	**97,718,365**	**118,965,234**

Off balance sheet items

Dec. 31, 2012	Up to 1 year	1-5 years	Over 5 years	Total
» Letters of credit, guarantees and other commitments	10,332,433,593	3,239,319,148	1,325,986,263	14,897,739,005
Total	**10,332,433,593**	**3,239,319,148**	**1,325,986,263**	**14,897,739,005**

3.4. Fair value of financial assets and liabilities

3.4.1. 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

	Book value		Fair value	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Financial assets				
» Due from banks	8,047,820,388	8,528,229,519	8,047,820,388	8,528,229,519
» Gross loans and advances to banks	1,208,166,369	1,433,545,112	1,208,166,369	1,433,545,112
Gross loans and advances to customers				
» Individual	5,981,587,224	4,648,379,836	5,981,587,224	4,648,379,836
» Corporate	37,161,221,146	36,851,208,480	37,161,221,146	36,851,208,480
» Financial investments				
» Held to Maturity	4,215,787,960	39,159,520	4,215,787,960	39,159,520
» Total financial assets	56,614,583,087	51,500,522,467	56,614,583,087	51,500,522,467
Financial liabilities				
» Due to banks	1,714,862,716	3,340,794,517	1,714,862,716	3,340,794,517
» Due to customers	78,729,121,488	71,467,935,259	78,729,121,488	71,467,935,259
» Long term loans	80,495,238	99,333,376	80,495,238	99,333,376
Total financial liabilities	**80,524,479,442**	**74,908,063,152**	**80,524,479,442**	**74,908,063,152**

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 similar maturity date.

Loans and advances to banks

Loans and advances to banks represented in loans do not considering bank placing. 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

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 maturity date.

3.5. Capital management

For capital management purposes, the Bank's capital includes total equity as reported in the balance sheet plus some other 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 assets and contingent liabilities of the Bank.

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% 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 the increase in fair value than book value for available for sale , held to maturity, subsidiaries and associates 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 tier1.

Assets risk weight scale ranging from zero to 100% based on the counterparty risk 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 local capital adequacy requirements for the current year.

The tables below summarizes the compositions of teir 1, teir 2 and the capital adequacy ratio .

According to Basel I :

	Dec. 31, 2012 In thousands EGP	Dec. 31, 2011 In thousands EGP Restated
Tier 1 capital		
» Share capital (net of the treasury shares)	5,972,275	5,934,563
» General reserves	2,037,107	2,054,762
» Legal reserve	380,349	318,651
» Other reserve	203,498	(474,528)
» Retained Earnings	1,002	-
Total qualifying tier 1 capital	**8,594,231**	**7,833,448**
Tier 2 capital		
» General risk provision	689,829	692,088
» 45% of the Increase in fair value than the book value for available for sale and held to maturity investments	147,873	-
Total qualifying tier 2 capital	**837,702**	**692,088**
Total capital 1+2	**9,431,934**	**8,525,536**
Risk weighted assets and contingent liabilities		
» Risk weighted assets	50,040,545	50,175,825
» Contingent liabilities	5,145,814	5,191,197
Total	**55,186,358**	**55,367,022**
***Capital adequacy ratio (%)**	**17.09%**	15.40%

* Based on separate financial statement figures

According to Basel II :

	Dec. 31, 2012 In thousands EGP
Tier 1 capital	
» Share capital (net of the treasury shares)	5,972,275
» Reserves	2,502,995
» Retained Earnings	(510,946)
» Total deductions from tier 1 capital Common Equity	(4,701)
Total qualifying tier 1 capital	**7,959,623**
Tier 2 capital	
» 45% of special reserve	53,011
» 45% of the Increase in fair value than the book value for available for sale and held to maturity investments	147,873
» Impairment provision for loans and regular contingent liabilities	708,329
Total qualifying tier 2 capital	**909,213**
Total capital 1+2	**8,868,836**
Risk weighted assets and contingent liabilities	
» Total credit risk	56,794,762
» Total market risk	1,994,960
» Total operational risk	6,460,913
Total	**65,250,635**
***Capital adequacy ratio (%)**	**13.59%**

*Capital adequacy ratio (%)

*Based on consolidated financial statement figures and in accordance with Centeral Bank of Egypt regulation issued on 24 December 2012.

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 information.

4.1. Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment on monthly basis 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%

4.2. 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.

4.3. 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.

4.4. Held-to-Maturity investments

The non-derivative financial assets with fixed or determinable payments and fixed maturity are being classified held to maturity. This 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

5.1. 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.

EGP

Dec. 31, 2012	Corporate banking	SME's	Investment banking	Retail banking	Total
» Revenue according to business segment	3,329,477,415	731,332,747	(273,334,474)	1,610,326,906	5,397,802,594
» Expenses according to business segment	(1,124,760,077)	(308,458,766)	(25,353,002)	(859,123,551)	(2,317,695,396)
Profit before tax	**2,204,717,338**	**422,873,981**	**(298,687,476)**	**751,203,355**	**3,080,107,198**
» Tax	(556,045,847)	(107,289,406)	-	(190,591,442)	(853,926,695)
Profit for the year	**1,648,671,491**	**315,584,575**	**(298,687,476)**	**560,611,913**	**2,226,180,503**
Total assets	**80,561,494,045**	**2,626,503,517**	**1,451,894,947**	**9,374,557,798**	**94,014,450,306**

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)
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**
Total assets	**74,527,747,169**	**2,143,523,905**	**1,533,773,854**	**7,329,130,662**	**85,534,175,590**

5.2. By geographical segment

EGP

Dec. 31, 2012	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
» Revenue according to geographical segment	4,361,404,048	887,705,321	148,693,225	5,397,802,594
» Expenses according to geographical segment	(1,834,683,705)	(399,008,070)	(84,003,621)	(2,317,695,396)
Profit before tax	**2,526,720,343**	**488,697,251**	**64,689,604**	**3,080,107,198**
» Tax	(699,773,113)	(136,133,396)	(18,020,186)	(853,926,695)
Profit for the year	**1,826,947,230**	**352,563,855**	**46,669,418**	**2,226,180,503**
Total assets	**83,674,215,230**	**9,048,557,087**	**1,291,677,989**	**94,014,450,306**

Dec. 31, 2011	Cairo	Alex, Delta & Sinai	UpperEgypt	Total
» Revenue according to geographical segment	2,933,228,490	835,887,927	134,117,282	3,903,233,699
» Expenses according to geographical segment	(1,335,361,487)	(405,117,905)	(105,804,568)	(1,846,283,960)
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**
Total assets	**75,193,039,351**	**9,812,046,055**	**529,090,184**	**85,534,175,590**

6. Net interest income

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
Interest and similar income		
» Banks	132,463,454	142,055,284
» Clients	3,523,926,754	2,900,254,722
	3,656,390,208	**3,042,310,006**
» Treasury bills and bonds	4,021,144,937	2,233,508,080
» Reverse repos	17,423,270	22,223,513
» Financial investments in held to maturity and available for sale debt instruments	164,324,240	172,702,607
» Other	29,184	246,625
Total	**7,859,311,839**	**5,470,990,831**
Interest and similar expense		
» Banks	181,169,862	188,421,651
» Clients	3,449,759,729	2,567,626,091
	3,630,929,591	**2,756,047,742**
» Financial instruments purchased with a commitment to re-sale (Repos)	310,995,070	22,306,090
» Other	3,760,975	2,685,436
Total	**3,945,685,636**	**2,781,039,268**
Net interest income	**3,913,626,203**	**2,689,951,563**

7. Net income from fee and commission

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
Fee and commission income		
» Fee and commissions related to credit	470,471,721	554,737,120
» Custody fee	133,589,290	103,680,402
» Other fee	429,567,003	272,152,011
Total	**1,033,628,014**	**930,569,533**
Fee and commission expense		
» Other fee paid	107,365,742	87,622,734
Total	**107,365,742**	**87,622,734**
Net income from fee and commission	**926,262,272**	**842,946,799**

8. Dividend income

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Trading securities	578,098	874,720
» Available for sale securities	28,015,018	47,359,534
» Associates co.	4,517,707	13,272,726
Total	**33,110,823**	**61,506,980**

9. Net trading income

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Profit (losses) from foreign exchange	249,583,425	293,331,214
» Profit (losses) from revaluations of trading assets and liabilities in foreign currencies	3,010,519	6,926,623
» Profit (Loss) from forward foreign exchange deals revaluation	6,669,087	16,779,398
» Profit (Loss) from interest rate swaps revaluation	212,030	(19,845)
» Profit (Loss) from currency swap deals revaluation	(2,963,355)	548,800
» Trading debt instruments	311,074,819	52,845,534
» Trading equity instruments	6,988,651	11,280,756
Total	**574,575,176**	**381,692,480**

10. Administrative expenses

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
Staff costs		
» Wages and salaries	761,672,607	682,034,211
» Social insurance	30,542,233	24,707,497
» Other benefits	30,941,993	38,341,470
Other administrative expenses	736,244,948	704,635,517
Total	**1,559,401,781**	**1,449,718,695**

11. Other operating (expenses) income

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Profits (Losses) from non-trading assets and liabilities revaluation	36,631,170	(53,338,683)
» Profits (losses) from selling property, plant and equipment	2,387,583	2,716,747
» Release (charges) of other provisions	(47,537,825)	48,030,153
» Others	(94,788,020)	(69,947,611)
Total	**(103,307,092)**	**(72,539,394)**

12. Impairment (charge) release for credit losses

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Loans and advances to customers	(609,971,077)	(322,276,483)
» Held to maturity financial investments	-	1,627,620
Total	**(609,971,077)**	**(320,648,863)**

13. Adjustments to calculate the effective tax rate

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Profit before tax	3,080,917,168	2,056,439,533
» * Tax settlement for prior years	(65,137,014)	-
» Profit after settlement	**3,015,780,155**	**2,056,439,533**
» Tax rate	24.98%	From 20% to 25%
Income tax based on accounting profit	**753,445,039**	**513,609,883**
Add / (Deduct)		
» Non-deductible expenses	23,146,604	66,728,265
» Tax exemptions	(82,115,715)	(184,124,927)
» Effect of provisions	88,494,882	46,216,490
» Depreciation	5,818,873	(218,295)
Income tax	**788,789,683**	**442,211,416**
Effective tax rate	**26.16%**	**21.50%**

*Tax claims for the year ended on December.31, 2011

14. Earning per share

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Net profit for the period available for distribution	2,379,297,994	1,636,540,147
» Board member's bonus	(35,689,470)	(24,548,102)
» Staff profit sharing	(237,929,799)	(163,654,015)
*** Profits shareholders' Stake**	**2,105,678,725**	**1,448,338,030**
» Number of shares	597,227,541	597,227,541
Basic earning per share	**3.53**	**2.43**
By issuance of ESOP earning per share will be:		
» Number of shares including ESOP shares	607,261,107	605,482,218
Diluted earning per share	**3.47**	**2.39**

* Based on dividend of separate financial statements.

15. Cash and balances with Central Bank

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Cash	1,744,700,680	1,891,659,489
Obligatory reserve balance with CBE		
» Current accounts	3,649,273,444	5,600,405,021
Total	**5,393,974,124**	**7,492,064,510**
Non-interest bearing balances	**5,393,974,124**	**7,492,064,510**

16. Due from banks

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Current accounts	317,264,173	275,977,925
» Deposits	7,730,556,215	8,252,251,594
Total	**8,047,820,388**	**8,528,229,519**
» Central banks	3,093,850,399	3,031,574,198
» Local banks	590,696,679	234,102,521
» Foreign banks	4,363,273,309	5,262,552,800
Total	**8,047,820,387**	**8,528,229,519**
» Non-interest bearing balances	152,732,954	149,987,713
» Fixed interest bearing balances	7,895,087,434	8,378,241,806
Total	**8,047,820,388**	**8,528,229,519**
» Current balances	8,047,820,388	8,528,229,519
Total	**8,047,820,388**	**8,528,229,519**

17. Treasury bills and other governmental notes

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» 91 Days maturity	3,182,683,419	1,913,702,116
» 182 Days maturity	4,022,757,000	2,559,925,000
» 364 Days maturity	4,458,084,085	6,861,223,570
» Unearned interest	(470,058,411)	(634,008,503)
Total 1	**11,193,466,093**	**10,700,842,183**
» Repos - treasury bills	(3,175,711,661)	(1,440,000,000)
Total 2	**(3,175,711,661)**	**(1,440,000,000)**
Net	**8,017,754,432**	**9,260,842,183**

18. Trading financial assets

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
Debt instruments		
» Governmental bonds	1,138,056,688	353,860,497
» Other debt instruments	43,043,738	114,241,177
Total	**1,181,100,426**	**468,101,674**
Equity instruments		
» Foreign company shares	15,877,741	18,677,035
» Mutual funds	318,347,334	188,546,741
Total	**334,225,076**	**207,223,776**
Total financial assets for trading	**1,515,325,502**	**675,325,450**

19. Loans and advances to banks

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Time and term loans	1,208,166,369	1,433,545,112
» Less:Impairment provision	(29,298,630)	(37,950,503)
Total	**1,178,867,739**	**1,395,594,609**
» Current balances	1,172,317,036	1,304,111,350
» Non-current balances	6,550,703	91,483,259
Total	**1,178,867,739**	**1,395,594,609**

Analysis for impairment provision of loans and advances to banks

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Bgining balance	37,950,503	2,694,538
» Charge (release) during the year	(11,450,369)	34,736,518
» Exchange revaluation difference	2,798,496	519,447
Ending balance	**29,298,630**	**37,950,503**

20. Loans and advances to customers

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
Individual		
» Overdraft	1,220,222,219	952,982,877
» Credit cards	660,932,044	575,672,905
» Personal loans	3,616,553,758	2,659,469,004
» Mortgages	463,833,879	419,990,050
» Other loans	20,045,324	40,265,000
Total 1	**5,981,587,224**	**4,648,379,836**
Corporate		
» Overdraft	4,288,571,348	4,239,213,684
» Direct loans	23,196,204,054	24,265,367,037
» Syndicated loans	9,588,649,990	8,245,001,963
» Other loans	87,795,754	101,625,796
Total 2	**37,161,221,146**	**36,851,208,480**
Total Loans and advances to customers (1+2)	**43,142,808,370**	**41,499,588,316**
Less:		
» Unamortized bills discount	(22,277,973)	(45,231,397)
» Impairment provision	(1,901,222,402)	(1,419,409,102)
» Unearned interest	(520,994,222)	(365,161,953)
Net loans and advances to customers	**40,698,313,773**	**39,669,785,864**
Distributed to		
» Current balances	16,908,542,925	17,307,625,654
» Non-current balances	23,789,770,848	22,362,160,210
Total	**40,698,313,773**	**39,669,785,864**

Analysis for impairment provision of loans and advances to customers

Dec. 31, 2012	Individual					
	Overdraft	Credit cards	Personal loans	Real estate loans	Other loans	Total
» Beginning balance	20,377,614	42,290,218	76,502,471	11,876,297	1,593,932	152,640,532
» Charged (Released) during the year	(9,624,567)	(8,977,018)	68,706	1,500,562	(503,001)	(17,535,318)
» Write off during the year	-	(29,454,339)	(2,135,623)	-	-	(31,589,962)
» Recoveries from written off debts	-	4,469,470	-	-	-	4,469,470
Ending balance	**10,753,047**	**8,328,331**	**74,435,554**	**13,376,859**	**1,090,931**	**107,984,722**

Dec. 31, 2012	Corporate				
	Overdraft	Direct loans	Syndicated loans	Other loans	Total
» Beginning balance	167,655,394	790,797,773	306,628,666	1,686,738	1,266,768,571
» Charged (Released) during the year	39,209,960	420,954,828	178,455,887	336,089	638,956,764
» Write off during the year	-	-	(154,721,287)	-	(154,721,287)
» Recoveries from written off debts	-	14,726,449	-	-	14,726,449
» Exchange revaluation difference	2,685,874	15,536,889	6,205,339	3,079,081	27,507,183
Ending balance	**209,551,228**	**1,242,015,939**	**336,568,605**	**5,101,908**	**1,793,237,680**

	Individual					
Dec. 31, 2011	Overdraft	Credit cards	Personal loans	Real estate loans	Other loans	Total
» Beginning balance	6,948,242	42,119,828	71,459,209	8,888,164	13,400,430	142,815,873
» Charged (Released) 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
Ending balance	**20,377,614**	**42,290,218**	**76,502,471**	**11,876,297**	**1,593,932**	**152,640,532**

			Corporate		
Dec. 31, 2011	Overdraft	Direct loans	Syndicated loans	Other loans	Total
» Beginning balance	149,208,018	759,961,827	200,640,880	2,561,291	1,112,372,016
» Charged (Released) 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
Ending balance	**167,655,394**	**790,797,773**	**306,628,666**	**1,686,738**	**1,266,768,571**

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 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 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.

21.1.1. For trading derivatives

	Dec. 31, 2012			Dec. 31, 2011		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Foreign derivatives						
» Forward foreign exchange contracts	1,996,990,255	16,812,998	959,570	1,324,589,420	14,828,172	5,643,831
» Currency swap	1,258,600,443	9,781,221	3,612,239	1,408,305,712	54,023,412	13,909,846
» Options	770,698,823	7,723,601	7,723,601	509,022,896	2,251,502	2,251,502
Total 1		**34,317,820**	**12,295,410**		**71,103,086**	**21,805,179**
Interest rate derivatives						
» Interest rate swaps	859,324,209	12,630,731	8,739,696	1,124,316,614	15,667,505	11,842,172
Total 2		**12,630,731**	**8,739,696**		**15,667,505**	**11,842,172**
» Commodity	12,149,920	134,026	134,026	128,045,173	870,385	870,385
Total 3		**134,026**	**134,026**		**870,385**	**870,385**
Total assets (liabilities) for trading derivatives (1+2+3)		**47,082,577**	**21,169,131**		**87,640,976**	**34,517,736**

21.1.2. Fair value hedge

Interest rate derivatives						
» Governmental debit instruments hedging	549,753,000	-	97,708,858	524,775,300	-	78,514,812
» Customers deposits hedging	4,293,389,812	90,377,184	221,270	3,661,135,640	58,903,680	1,255,442
Total 4		**90,377,184**	**97,930,128**		**58,903,680**	**79,770,254**
Total financial derivatives (1+2+3+4)		**137,459,761**	**119,099,260**		**146,544,656**	**114,287,990**

21.2. Hedging derivatives

21.2.1. 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 97,708,858 at the end of December, 2012 against EGP 78,514,812 at the end of December, 2011, Resulting in net loss form hedging instruments at the end of December, 2012 EGP 19,194,046 against net loss EGP 78,514,812 at the end of December, 2011. Gains arises from the hedged items at the end of December, 2012 reached EGP 14,842,228 against profits arises EGP 77,848,826 at the end of December, 2011.

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 90,155,914 at the end of December, 2012 against EGP 57,648,238 at the end of December, 2011, Resulting in net profits form hedging instruments at the end of December, 2012 EGP 32,507,675 against net profit EGP 58,450,867 at the end of December, 2011. Losses arises from the hedged items at the end of December , 2012 reached EGP 27,731,731 against losses EGP 57,855,943 at the end of December, 2011.

22. Financial investments

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
Available for sale		
» Listed debt instruments	20,607,710,266	14,533,886,080
» Listed equity instruments	84,923,090	79,748,671
» Unlisted instruments	484,794,241	807,911,526
Total	**21,177,427,597**	**15,421,546,277**
Held to maturity		
» Listed debt instruments	4,154,712,549	11,647,020
» Unlisted instruments	61,075,411	27,512,500
Total	**4,215,787,960**	**39,159,520**
Total financial investment	**25,393,215,556**	**15,460,705,797**
» Actively traded instruments	23,771,302,303	13,320,674,913
» Not actively traded instruments	1,621,913,253	2,140,030,884
Total	**25,393,215,556**	**15,460,705,797**
» Fixed interest debt instruments	23,621,268,407	12,988,814,770
» Floating interest debt instruments	1,237,877,696	1,919,838,711
Total	**24,859,146,103**	**14,908,653,481**

	Available for sale financial investments	Held to maturity financial investments	Total EGP
» 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
Ending Balance	**15,421,546,277**	**39,159,519**	**15,460,705,797**
» Beginning balance on Jan.01, 2012	15,421,546,277	39,159,519	15,460,705,797
» Addition	10,169,757,165	4,176,628,441	14,346,385,606
» Deduction (selling - redemptions)	(5,342,793,206)	-	(5,342,793,206)
» Exchange revaluation differences	60,242,239	-	60,242,239
» Profit (losses) from fair value difference	895,941,363	-	895,941,363
» Impairment (charges) release	(27,266,242)	-	(27,266,242)
Ending Balance	**21,177,427,596**	**4,215,787,960**	**25,393,215,556**

22.1. Profit (Losses) from financial investments

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Profit (Loss) from selling available for sale financial instruments	519,013	37,608,880
» Impairment release (charges) of available for sale equity instruments	(27,859,838)	(1,254,232)
» Impairment release (charges) of available for sale debt instruments	593,597	-
» Profit (Loss)from selling investments in subsidiaries and associates	-	2,444,535
» Profit (Loss) from selling held to maturity debt investments	(162,078)	(130,027)
	(26,909,306)	**38,669,156**

23. Investments in associates

Dec. 31, 2012	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value EGP	Stake %
Associates							
» Commercial International Life Insurance	Egypt	1,768,401,691	1,711,942,438	253,087,786	(969,320)	49,456,444	45
» Corplease	Egypt	1,539,490,355	1,361,597,602	317,924,102	9,974,915	69,710,183	40
» Haykala for investment	Egypt	3,875,454	180,722	270,000	209,835	1,170,896	40
» Egypt Factors	Egypt	203,984,151	151,643,286	18,514,114	(3,608,534)	38,373,478	39
» International Co. for Security and Services (Falcon)	Egypt	91,085,635	79,197,211	106,514,090	1,219,081	6,487,632	40
Total		**3,606,837,286**	**3,304,561,259**	**696,310,092**	**6,825,976**	**165,198,634**	

Dec. 31, 2011	Company's Country	Company's Assets	Company's Liabilities (without equity)	Company's Revenues	Company's Net Profit	Investment book value EGP	Stake %
Associates							
» 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		**3,197,346,728**	**2,953,343,517**	**360,829,517**	**(1,596,874)**	**106,676,167**	

24. Investment property *

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Commercial unit number f 35 in arkadia mall (14 elbahr st. Boulak kornish el nile)	432,000	-
» Appartment no. 70 in the third floor building 300 meters elgomhoria st. Port said	-	750,000
» 338.33 meters on a land and building the property number 16 elmakrizi st. Heliopolis	700,000	700,000
» Villa number 113 royal hills 6th of october	-	2,000,000
» 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 fakous elsharkia	161,000	222,000
» Agriculutral area - markaz shebin eldakahlia	4,517,721	4,517,721
Total	**10,395,686**	**12,774,686**

* Including non rigestred by EGP 6,500,686 which were acquired against settlement of the debts mentioned above.

25. Other assets

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Accrued revenues	1,632,481,861	894,579,720
» Prepaid expenses	91,741,953	91,415,711
» Advances to purchase of fixed assets	96,919,829	103,989,488
» Accounts receivable and other assets	644,824,093	438,653,639
» Assets acquired as settlement of debts	8,977,329	6,180,933
Total	**2,474,945,065**	**1,534,819,491**

26. Property, plant and equipment

	Dec. 31, 2012							
	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
» Beginning gross assets (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
» Additions (deductions) during the year	-	1,066,148	97,399,721	5,263,978	80,196,178	27,873,150	9,531,487	221,330,662
Ending gross assets (2)	**60,575,261**	**407,137,289**	**855,453,783**	**54,254,811**	**347,435,424**	**290,416,691**	**127,403,538**	**2,142,676,797**
» Accu.depreciation at beginning of the year (3)	-	161,870,230	588,329,670	26,821,878	240,994,064	191,798,840	81,023,364	1,290,838,046
» Current period deprecia-tion	-	19,129,849	68,083,994	5,365,491	35,822,477	29,041,921	10,939,173	168,382,905
Accu.depreciation at end of the year (4)	**-**	**181,000,079**	**656,413,664**	**32,187,369**	**276,816,541**	**220,840,761**	**91,962,537**	**1,459,220,951**
Ending net assets (2-4)	**60,575,261**	**226,137,210**	**199,040,119**	**22,067,442**	**70,618,883**	**69,575,930**	**35,441,001**	**683,455,846**
Beginning net assets (1-3)	**60,575,261**	**244,200,911**	**169,724,392**	**22,168,955**	**26,245,182**	**70,744,701**	**36,848,687**	**630,508,089**
Depreciation rates		%5	%20	%20	%33.3	%33.3	%20	

Net fixed assets value on the balance sheet date includes EGP 21,769,393 non registered assets while their registrations procedures are in process.

27. Due to banks

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Current accounts	369,862,716	493,794,517
» Deposits	1,345,000,000	2,847,000,000
Total	**1,714,862,716**	**3,340,794,517**
» Central banks	7,546,231	46,941,713
» Local banks	1,362,363,985	2,905,759,685
» Foreign banks	344,952,500	388,093,119
Total	**1,714,862,716**	**3,340,794,517**
» Non-interest bearing balances	354,394,897	398,317,328
» Fixed interest bearing balances	1,360,467,819	2,942,477,189
Total	**1,714,862,716**	**3,340,794,517**
» Current balances	369,862,716	493,794,517
» Non-current balances	1,345,000,000	2,847,000,000
Total	**1,714,862,716**	**3,340,794,517**

28. Due to customers

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Demand deposits	16,928,995,312	16,942,060,088
» Time deposits	24,133,038,485	24,532,817,359
» Certificates of deposit	24,299,048,221	18,819,931,329
» Saving deposits	12,106,727,204	9,484,866,150
» Other deposits	1,261,312,266	1,688,260,333
Total	**78,729,121,488**	**71,467,935,259**
» Corporate deposits	36,658,501,586	37,121,552,736
» Individual deposits	42,070,619,902	34,346,382,523
Total	**78,729,121,488**	**71,467,935,259**
» Non-interest bearing balances	18,190,307,578	18,630,320,421
» Fixed interest bearing balances	60,538,813,910	52,837,614,838
Total	**78,729,121,488**	**71,467,935,259**
» Current balances	51,870,912,649	50,501,255,584
» Non-current balances	26,858,208,839	20,966,679,675
Total	**78,729,121,488**	**71,467,935,259**

29. Long term loans

	Interest rate %	Maturity date	Maturing through next year EGP	Balance on Dec. 31, 2012 EGP	Balance on Dec. 31, 2011 EGP
» Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	17,428,571	19,095,238	13,697,721
» Support to Private Sector Industry Environmental Protection II (KFW)	9 - 10.5	2012	-	-	3,285,048
» Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	42,080,000	61,400,000	78,570,000
» Social Fund for Development (SFD)	3 months T/D or 9% which more		-	-	167,326
» Spanish Cooperation Microfinance Fund (SCMF)	0.5	2012	-	-	3,613,282
Total			**59,508,571**	**80,495,238**	**99,333,376**

30. Other liabilities

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Accrued interest payable	430,377,730	258,540,767
» Accrued expenses	256,350,678	183,928,633
» Accounts payable	478,367,052	353,900,773
» Income tax	819,361,660	446,414,136
» Other credit balances	74,547,893	99,951,732
Total	**2,059,005,013**	**1,342,736,040**

31. Other provisions

Dec. 31, 2012	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP
» Provision for income tax claims	16,553,685	-	-	(1,591,577)	-	14,962,108
» Provision for legal claims	35,171,960	4,924,686	11,983	(10,958,065)	(531,054)	28,619,510
» Provision for contingent	210,103,042	40,594,505	7,202,883	-	-	257,900,430
» * Provision for other claim	8,973,223	6,353,586	16,075	(1,336,550)	-	14,006,334
Total	**270,801,909**	**51,872,777**	**7,230,941**	**(13,886,192)**	**(531,054)**	**315,488,382**

Dec. 31, 2011	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP
» 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)	35,171,960
» 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	**318,891,120**	**4,217,707**	**2,329,620**	**(4,068,833)**	**(50,567,704)**	**270,801,909**

* Provision for other claim formed on December 31, 2012 amounted to 6,353,586 EGP to face the potential risk of banking operations against amount 2,196,294 EGP on December 31, 2011 .

32. Equity

32.1. Capital

The authorized capital reached EGP 20 billion according to the extraordinary general assembly decision on March 17, 2010. Issued and Paid in Capital reached EGP 5,972,275,410 to be divided on 597,227,541 shares with EGP 10 par value for each share based on:

- 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.
- 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.
- 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.
- Increase issued and Paid up Capital by amount EGP 37,712,420 on April 9, 2012 in according to Board of Directors decision on December 22,2011 by issuance of third 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 that the General Assembly approves the dispersment the shareholders of this dividend, which includes staff profit share and remuneration of the Board of Directors stated in the law.

32.2. 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. Central Bank of Egypt concurrence for usage of special reserve is required.

33. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Dec. 31, 2012 Assets (Liabilities) EGP	Dec. 31, 2011 Assets (Liabilities) EGP
» Fixed assets (depreciation)	(19,439,154)	(13,329,499)
» Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	10,998,616	9,522,636
» Other investments impairment	98,995,733	69,165,241
» Reserve for employee stock ownership plan (ESOP)	38,801,679	30,659,714
Total	**129,356,874**	**96,018,092**

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 period are as follows:

	Dec. 31, 2012 No. of shares	Dec. 31, 2011 No. of shares
» Outstanding at the beginning of the period	12,676,036	10,550,825
» Granted during the period	7,208,355	5,844,356
» Forfeited during the period	(673,567)	(407,206)
» Exercised during the period	(3,771,242)	(3,311,939)
Outstanding at the end of the period	**15,439,582**	**12,676,036**

Details of the outstanding tranches are as follows:

Maturity date	EGP Exercise price	EGP Fair value	No. of shares
» 2013	10	21.70	2,934,838
» 2014	10	21.25	5,487,194
» 2015	10	9.98	7,017,550
Total			**15,439,582**

The fair value of granted shares is calculated using Black-Scholes pricing model with the following:

	6th tranche	5th tranche
» Exercise price	10	10
» Current share price	18.7	31.15
» Expected life (years)	3	3
» Risk free rate %	16.2%	12%
» Dividend yield%	5.35%	3.21%
» Volatility%	38%	34%

Volatility is calculated based on the daily standard deviation of returns for the last three years.

35. Reserves and retained earnings

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Legal reserve	380,348,755	231,344,896
» General reserve	2,036,955,188	1,234,122,776
» Retained earnings (losses)	(510,946,406)	(362,379,298)
» Special reserve	117,805,566	185,931,315
» Reserve for A.F.S investments revaluation difference	153,364,794	(723,343,863)
» Banking risks reserve	103,716,932	281,689,619
» Intangible Assets Value For Bank Share Before Acquisition	-	302,794,421
Total	**2,281,244,828**	**1,150,159,865**

35.1. Banking risks reserve

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Beginning balance	281,689,619	156,992,515
» Transferred from profits	(177,972,687)	124,697,104
Ending balance	**103,716,932**	**281,689,619**

35.2. Legal reserve

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Beginning balance	231,344,896	125,128,337
» Transfer from special reserve	61,697,292	-
» Transferred from previous year profits	87,306,567	106,216,559
Ending balance	**380,348,755**	**231,344,896**

35.3. Reserve for A.F.S investments revaluation difference

	Dec. 31, 2012	Dec. 31, 2011
» Beginning balance	(723,343,863)	(18,418,736)
» Unrealized gains (losses) from A.F.S investment revaluation	876,708,657	(704,925,127)
Ending balance	**153,364,794**	**(723,343,863)**

35.4. Retained earnings (losses)

	Dec. 31, 2012	Dec. 31, 2011
» Beginning balance	(362,379,298)	(203,604,610)
» Dividend previous year	(15,105,920)	(20,231,298)
» Change during the period	(353,414)	(30,796,515)
» Transferred from special reserve	1,001,979	-
» Transferred to retained earnings (losses)	(134,109,753)	(122,852,795)
» The effect of changing accounting policies	-	15,105,920
Ending balance	**(510,946,406)**	**(362,379,298)**

36. Cash and cash equivalent

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Cash and balances with Central Bank	5,393,974,124	7,492,064,510
» Due from banks	8,047,820,388	8,528,229,519
» Treasury bills and other governmental notes	8,017,754,432	9,260,842,183
» Obligatory reserve balance with CBE	(3,093,283,199)	(3,014,779,811)
» Due from banks (time deposits) more than three months	(4,637,273,016)	(5,237,471,783)
» Treasury bills with maturity more than three months	(8,063,078,264)	(8,821,367,483)
Total	**5,665,914,465**	**8,207,517,135**

37. Contingent liabilities and commitments

37.1. Legal claims

There are a number of existing cases filed against the bank on December.31, 2012 without provision as it's not expected to make any losses from it.

37.2. Capital commitments

37.2.1. Financial investments

The capital commitments for the financial investments reached on the date of financial position EGP 199,123,121 as follows:

	Investments value EGP	Paid EGP	Remaining EGP
» Available for sale financial investments	322,671,851	123,548,730	199,123,121

37.2.2. 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 14,922,669.

37.3. Letters of credit, guarantees and other commitments

	Dec. 31, 2012 EGP	Dec. 31, 2011 EGP
» Letters of guarantee	12,787,512,199	11,263,565,016
» Letters of credit (import and export)	933,297,936	753,154,858
» Customers acceptances	1,176,928,870	542,833,642
Total	**14,897,739,005**	**12,559,553,516**

38. Mutual funds

Osoul fund

- The Bank established an accumulated return mutual fund under license no.331 issued from capital market authority on February 22, 2005 CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 32,294,160 with redeemed value EGP 6,272,494,697.
- The market value per certificate reached EGP 194.23 on December 31, 2012.
- The Bank portion got 1,612,914 certificates with redeemed value EGP 313,276,286.

Istethmar fund

- CIB bank established the second accumulated return mutual fund under license no.344 issued from capital market authority on February 26, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund. - The number of certificates issued reached 2,332,745 with redeemed value EGP 141,644,276.
- The market value per certificate reached EGP 60.72 on December 31, 2012.
- The Bank portion got 194,744 certificates with redeemed value EGP 11,824,856.

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 July 30, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 884,496 with redeemed value EGP 37,290,351 .
- The market value per certificate reached EGP 42.16 on December 31, 2012.
- The Bank portion got 71,943 certificates with redeemed value EGP 3,033,117.

Hemaya fund

- CIB bank established an accumulated return mutual fund under license no.585 issued from financial supervisory Authority on June 23, 2010. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 344,619 with redeemed value EGP 40,737,412.
- The market value per certificate reached EGP 118.21 on December 31, 2012.
- The Bank portion got 50,000 certificates with redeemed value EGP 5,910,500.

Thabat fund

- CIB bank established an accumulated return mutual fund under license no.613 issued from financial supervisory authority on September 13, 2011. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 1,479,698 with redeemed value EGP 173,006,290.
- The market value per certificate reached EGP 116.92 on December 31, 2012.
- The Bank portion got 52,404 certificates with redeemed value EGP 6,127,076.

39. 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.

39.1. Loans, advances, deposits and contingent liabilities

	EGP
» Loans and advances	660,440,043
» Deposits	243,759,055
» Contingent liabilities	114,859,635

39.2. Other transactions with related parties

	Income EGP	Expenses EGP
» International Co. for Security & Services	1,328,326	65,837,521
» Corplease Co.	66,903,581	52,183,938
» Commercial International Life Insurance Co.	3,469,611	2,448,968

40. Good will & intangible assets

According to Central Bank of Egypt regulation issued on Dec 16, 2008, an amortization of of 20% annualy has been applied on goodwill starting Year 2010. Amortization amount has been riched until end of December 2012 EGP 200,467,337 Intangible assets which have been acquired on 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 2012	(641,249,991)
Net Intangible Assets	**33,422,415**

The economic life for intangible assets were estimated to be ten years which intangible assets amortize over it except in case of impairment loss indication in this case the impairment loss recognizes through profit and loss.

41. Tax status

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 The Bank's corporate income tax position has been examined and settled with the tax authority from Year 2001 up to Year 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 low The Bank pay stamp duty tax according to concerning domestic regulations and laws, and the disputes are under discussion in the court of law .
- Several resolutions were issued to amend some income tax laws and were published in the official newspaper on December 6, 2012. which will take effect as of the next day of publication and these amendments are as follows:
- Amend certain regulations of the Income Tax Law issued by Act No. 91 of 2005
- Amend certain regulations of the Sales Tax Law issued by Act No. 11 of 1991
- Amend certain regulations of the tax law on property built issued by Act No. 196 of 2008
- Amend certain regulations of the Stamp Tax Law issued by Act No. 111 of 1980
- Presidential instructions were issued to freeze those laws and so, the financial statements hadn't been affected by those amendments.
- The impact of those laws on the bank if applied has been calculated from the date of their publication in the official newspaper.
- This had resulted in a total liability within the limit of L.E 3.1 million.
- The bank's external auditors had verified the calculation of this commitment.

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 July 31, 2006. Sales tax is not applied for the company's operation.

42. Main currencies positions

	Dec. 31, 2012 In thousand EGP	Dec. 31, 2011 In thousand EGP
» Egyptian pound	12,800	8,068
» US dollar	(10,376)	24,134
» Sterling pound	1,670	408
» Japanese yen	(67)	(53)
» Swiss franc	179	118
» Euro	8,598	7,481

CIB Employees Featured in this Report

Name	Hiring Date
Ahmed El Geoushy	More than 5 years
Ahmed Swidan	More than 5 years
Amr Al-Shuwaikh	More than 5 years
Ahmed Megahed	More than 5 years
Alaa Yehia	More than 5 years
Amgad Sorour	More than 5 years
Amr Al-Shuwaikh	More than 5 years
Dina Ibrahim	More than 5 years
Engy Ibrahim Abdel Sallam	Less than 5 years
Habiba El-Gogary	More than 5 years
Ingi Akram	Less than 5 years
Ismail El Saidy	Less than 5 years
Karim Youssef	Less than 5 years
Khaled Magdy	More than 5 years
Laila Ramez	Less than 5 years
Mohamed Shams	More than 10 years
Mohamed Rouchdy	More than 5 years
Mohamed Adel-Mostafa	More than 5 years
Mohamed El Nagar	More than 5 years
Mostafa Adel	Less than 5 years
Monia Mikhail	Less than 5 years
Mohamed Talaat	Less than 5 years
Mohamed El Rawy	Less than 5 years
Nermin Rafik	More than 5 years
Nermine Farrag	Less than 5 years
Neveen Gamal	Less than 5 years
Nermeen Refaat	Less than 5 years
Nader Fouad	Less than 5 years
Omar Nagy	Less than 5 years
Omar Ibrahim	More than 5 years
Randa Khodeir	More than 10 years
Sherif Shalash	Less than 5 years
Sameh Karara	More than 5 years
Sandra Fouad	Less than 5 years
Sara Ahmed Fouad Shalaby	Less than 5 years
Shehab Shams El Din	Less than 5 years
Sally Asaad	More than 5 years
Sherif Hany	Less than 5 years
Soha El-Etriby	More than 5 years
Tariq Feroz	Less than 5 years
Yasmine Waheed	More than 5 years
Yasmine Gadallah	Less than 5 years

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